

SPECIAL REPORT: Investigating Phone Scams

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CANADA'S

WEEKLY NEWSMAGAZINE

Maclean's

OCTOBER 19, 1998

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From The Editor

The use of PMO power



Jean Coatsworth was at the height of his political power in Ottawa, the centre of attention at a raucous weekend party in the home of journalist Marjorie Nichols. When a man approached Pierre Trudeau's affable chief of staff, Coatsworth looked at him cheerfully and asked "And you are?" The man recoiled in horror, expecting that Trudeau's entourage growl would know he was a Liberal MP from Toronto. It was a terribly embarrassing moment for Coatsworth. And although the member had a profile as low as sand,

the encounter made headlines of Trudeau's celebrated line that MPs were "nobodies."

The power of the Prime Minister's Office, and, more important, its guardians, is a tautology in the senate of the capital—a point made in this week's cover story about Jean Chretien's growing constitutional authority in his office (page 60). The trend began in earnest under Trudeau, and no minister escaped its impact. On one occasion in the late 1970s, the PM returned from consulting world leaders and engaged a \$5-billion budget cut on the nation's banks. Telling his minister of finance—a fellow by the name of Chretien. He was rightly alarmed—just as some of Chretien's ministers are today.

The use of prime ministerial power happens to be a subject in a modest little tome of previous rankings called *The Essential Trudeau*. Edited by Toronto author Ron Graham, the book is a kind of one-man Trudeau, with some historical updates. In one of these new entries, Trudeau fully admits to using his power to help build a bourgeoisie entrepreneurial elite in Quebec. "We alerted our ministers and bureaucrats to the presence of excellent entre-

preneurs in Quebec," he writes, "in order to steer some federal contracts their way." They had to be "good," says Trudeau, "but when ever we had some discretion, we tried to give them a boost."

Trudeau also uses the book to defend his policies and his vision of the country. He insists he never attacked the free enterprise system, admitted that his government overspent, but blamed labor and business for refusing to reduce their demands for wages and profits. In a telling passage on the eve of a possible Quebec election,

Trudeau also seeks to justify his federalism and denounces "a new version of disempowerment in the form and inequality engendered by the industrialists."

Trudeau has not had to resort to book writing in defence of his honor this season. That role has fallen to Ontario law professor William Kaplan, who lays out the case that the hatched RCMP and government attempt to prosecute Mulrooney in the Airbus case was nothing short of an "assault." Much of the detail in *Prosecuted Guilty* was previously known, but there are revealing glimpses of the private Mulrooney, agonizing at home with family and friends over the impact of the allegations of wrongdoing. "It's a very private history," he tells lawyer Yves Fassin. "There is little doubt that when the long story of the Mulrooney years is written, it will not be a life time—indeed it will carry his signature."



Mulrooney, Trudeau as minister escapes the impact



Impact of the allegations of wrongdoing. "It's a very private history," he tells lawyer Yves Fassin. "There is little doubt that when the long story of the Mulrooney years is written, it will not be a life time—indeed it will carry his signature."

Robert Lewis

Newsroom Notes:

The inside story

When Senior Writer John Nicol and Researcher-Reporter Shanda Decel set out to investigate the underbelly of Canadian telemarketing—the phone scam that prey on lonely and gullible people across North America—they



Nicol, Decel, prying on the gullible

learned more than they had bargained for. Nicol was abducted by the same with which scam artists exploit (see

Canadian law and the protection of the international border to no off consumers in the United States, especially elderly ones. Decel, who earlier had worked on Mulrooney's investigation of sexual abuse in the Canadian military, went undercover. She landed jobs at two phone rooms—one running a phony lottery scheme, the other purporting to sell credit cards to Americans

with bad credit ratings. She found the experience unsettling. "I felt sick each time someone was introduced in the credit card I was pitching," she says. "But the other operators seemed unfazed by what they were doing." Later, Decel was relieved to be able to call the people she had "scammed" and tell them Mulrooney would reimburse them for any money they had lost. The Special Report on phone scams begins on page 24.

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John "oceans are the lifeblood of existence"

Sea sickness

Excellent cover story on "The Dying Sea" (Oct. 3). Perhaps we as a country should spend more time implementing effective strategies to protect our delicate marine ecosystems instead of bickering over meaningless political squabbles and miscellaneous negotiations. If Canada is to thrive—and survive—into the next millennium, we must take action, placing an emphasis on a clean, healthy water environment with biological diversity. This will involve exploring and understanding the links between a sustainable environment, a viable economy and a healthy community. These relationships must be carefully fostered and incorporated into all government policies. The oceans are the lifeblood of human existence. Without them, we will not be participating about the impact of a global society or the living income. We will not be here.

Greg Gresh, London, Ont

LETTERS TO THE EDITOR

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Related stories

It never ceases to amaze me how little Canadians seem to cherish freedom and civil liberty. Perhaps it is because our nation was not forged from the crucible of struggle for such basic rights that we remain so complacent. Your placing of the article on the Clinton APEC dialogue ("Under the gun," Canada, Oct. 3) together with another on the ongoing dispute over Bill C-68 and gun control ("Faking aim at the freemans registry," Canada, Oct. 3) was not without significance. Canada is thus being very very of my government that demonstrates such contempt for individual rights for its own political agenda. In a democracy, governments should function with a healthy respect for, not a little fear of, the will of the people. Canada continues to drift towards the opposite state of affairs and few seem to care. A state without civil liberty is not a democracy. Everyone who feels that we are evolving to a police state please use your hand that is, if you are not too afraid that you will get pepper-sprayed for doing so!

Christopher R. Stackelmeier, Vancouver

When the North Pacific ecosystem, the aquaculture industry is being challenged toward a zero-impact standard. Are the same questions being asked of suburban lawns and traditional lawns? Let's help get this industry back on track and continue the work to ensure its sustainability.

Cave Connelly, President The Cultured Christmas Co. Ltd., Nanaimo, B.C.

I missed your cover article for two solid hours before I could bring myself to read it. At the very least, I can claim that my wife and I have all but eliminated our consumption of certain fish, namely, Chinook salmon, and proper I never want to have to say to my children "Swordfish? Sure, it is delicious, and I helped drive its extinction."

Brian Emswiler, Westburn, Mass.

"The dying sea" deals authoritatively with the problem of overfishing. I suggest two sequels: "The dying land" and "What should be done." The answer, while conceptually simple, is both complex and controversial: reduce human population. The world cannot sustain support present populations, let alone current rates of increase.

J. R. Reynolds, Toronto

My inquisitive ancestors used to grow pumpkins, corn and tobacco in what are now Ontario and New York State. After 1600, they

tried to meet the Dutch demand for furs, and beaver and other disappeared from their territory in 1631. Unsustainable exploitation is not new—it is us. It is too late to take such considerations past even or learn from our mistakes. Canada will respect itself with children now contemporary.

Wesley Lohman, Peterborough, Ont.

Clinton exposure

In "From the kid's perspective," (Cover, Sept. 30), you wrote about how children are being exposed to the Clinton scandal and the negative outcomes. I see this as being so hypocritical. As a Grade 10 student, I was exposed to this more from my magazine than anywhere else, and then you go on to say how terrible the whole thing is. It's so bad, and needs to be hidden, what's the point of writing so much about it? It's not really anybody's business anyway, and it has already been too over-publicized. This article only brought out the fact that children—actually, people in general—have been too exposed to this, and I found that you completely contradicted yourselves by stating it as an aspect to part of the actual story.

Jason Lee Ryan, Thane, N.S.

Automotive Marketplace ONTARIO

Your Children's First Vehicle

Dennis DesRosiers



Last year the first baby boomer in Canada turned 65 and there is now a record number of Canadians who are 35 to 50 years old. The children of the boomers are often referred to as the "echo" generation. Many in this group are now in their late teens, and it is these consumers who are buying their first vehicles. Consequently one of the more onerous responsibilities of boomer parents is helping their children buy their first vehicle.

In this article I would like to explore what parents should consider in helping a son or daughter with this purchase as well as buying an additional family vehicle with a son or daughter as the primary driver. Parent participation can involve a range of support, from paying for the vehicle outright, helping out financially with the purchase—covering down payment with operating costs such as insurance or just being in a position to supply sound advice and guidance. This advice could be simply helping to determine if your son or daughter can actually afford to buy and assume the operating costs of a vehicle.

I am at the lead edge of the baby boomers and a lot of my friends have children approaching the age where the "first car" experience is coming up soon. As I am often asked for advice I can see first-hand the economic and emotional concerns shared by parents. The emotional aspect is often more difficult than the economic. Having their first car represents freedom for most children and some of the freedom from their parents. When your children were with you in your car you always knew where they were at any point in time. They were with you and you therefore knew that the operator of the vehicle was driving safely.

Now the operator will be your child and the freedom that a vehicle represents means you have lost some control of the situation. I do not think a parent exists that has not set up late worrying

about when a child is coming home.

This is why I believe above all else, that safety should be the number one criteria for your child's first vehicle. Safety ratings above operating costs, repair costs, durability, design and budget. Safety comes in three stripes. One is the physical dimensions of the vehicle such as size, weight, height of roof, second is the safety features of the vehicle such as airbags and anti-lock brakes. The third is the reliability and handling of the vehicle.

From a pure physics point of view the weight-to-size ratio is an important factor in the safety equation. A monster truck is going to be safer than a subcompact car. From this perspective you would probably prefer any family member to be driving a tank but young people generally will prefer style over size. However I would put more emphasis on safety features and durability than on size and weight. In fact, most young drivers do not have the skill to handle a large, cumbersome vehicle.

Although older vehicles are not necessarily unsafe, newer vehicles generally have better built-in safety features than older vehicles. Over the years, certain safety features have been added that were not generally available on older vehicles, such as air bags, reinforced side panels, more efficient power steering and locking anti-brake systems and crash avoidance features. Reliability which I discuss separately also has a safety aspect. Reliability is generally inversely proportional to the age of the vehicle.

So my first recommendation would be to encourage your child to buy as new a vehicle as possible. Although newer vehicles are generally more reliable than older ones, consumers should also be aware of the reliability ratings of various vehicles. These ratings are available through a variety of consumer automotive information sources. Reliability is both a cost factor in terms of the frequency of repair as might be expected and also a safety factor. Reliability can affect safety on-the-road and is also a peace of mind consideration. I would not wait my daughter for example, to be off somewhere driving on her own at night, unless I was sure her vehicle was reli-

able. I want to know it, will not break down in the middle of nowhere. Indeed, women rate reliability such as "starting every time" as one of the most important factors in their choice of vehicle.

Although I have emphasized the importance of the vehicle's weight, I would repeat there is no use buying a large, heavy vehicle if your son or daughter will find it hard to handle. Here again, consumer make nice such factors as handling and overall drivability. However, there is no substitute for taking an extended test drive of the vehicle over a variety of driving conditions, including city, country, roads and highways. Rent one for a weekend or borrow a friend's, but make sure your child can handle the vehicle he or she will be driving.

This is not only a safety factor, but also a matter of the driver having a comfort zone with the vehicle. Unless your son or daughter enjoys driving the vehicle, the child will always be a hesitant driver and react to problems rather than anticipate and avoid

them. Moreover, if the vehicle is hard to handle or cumbersome, it can compromise safety in difficult or emergency driving situations. Clearly, collision avoidance is better than having a collision even in a heavy car loaded with superior safety features. So the second recommendation would be to buy a vehicle that your child is comfortable with rather than one that you are comfortable with. The issue that gets in the way is design or styling.

Here you are likely to see the generation gap at play. Your children will probably want a stylish vehicle with strong peer appeal. You may want them to buy a plain, basic, transportation sedan. They are more likely to want a coupe with sporty options and the latest, hot, accessories. My advice, don't fight it. As long as you can ensure that the vehicle is safe and reliable, and within the budget you have established, recognize that style is important to a young person.

Parents can have a big role helping their children with the buying process. I have dis-

cussed the buying process in previous articles, but there are a few particular circumstances involving a vehicle for your son or daughter. First, I would note that car dealers love new young buyers as a customer group. As a rule, young people are interested in a dramatic vehicle. It is what we might call the "hormone factor." This is where as a parent, you can offer judgement and experience. It might be a tough sell, but your guidance can be helpful in offsetting youthful exuberance and over-enthusiasm.

Obviously a new car will be bought at a new car dealership. I would also recommend buying a used vehicle from a new car dealer. There are also many reputable used car dealerships and if they belong to their industry's association they must meet certain standards. Ask prospective used car dealerships about their professional affiliations and their phone for references.

Although buying through these two established avenues may cost more, I recom-

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mend this route because you will have recourse if there are after-purchase problems. Also established dealerships have a stake in building a base of satisfied customers. Buying from such outlets is worthwhile in the long run.

Budget ultimately has to be a key consideration. The age of the vehicle is one of the main elements in its cost. A new vehicle, on average, is going to cost close to \$30,000. A one to three-year-old vehicle will have an average cost of \$20,000 to \$24,000. At four years the cost drops to about \$14,000 to \$15,000 and at six years we are down to about \$9,000 to \$10,000. At the extreme end of the scale a 15 year old vehicle can cost about \$1,500.

The process of establishing a budget for the purchase is not only a practical factor set by available income, but can be a good educational experience for a first-time vehicle owner. Budgeting should also include after-purchase costs such as anticipated maintenance, repairs, fuel purchases.

Warrant Insurance

The method of payment for the vehicle is also a budgetary factor. If you are in the fortunate position of being able to pay cash this will save a considerable amount of money when compared with leasing the vehicle or paying for it by financing through a loan.

One of the most important elements of cost is insurance, especially for young drivers. From your own experience you are aware that the type of vehicle and the operator's driving record can affect insurance rates. Establishing safe driving through proper driver education is an important topic I plan to discuss in a future article. However one point on safe driving practices bears mentioning here. If your son or daughter successfully completes a premium-content driving school curriculum it can often result in lower insurance rates.

Many Canadian vehicle owners are in the midst of implementing a rating system based on a vehicle's history regarding frequency of accidents, accident-related repair

costs and theft probability. The system is known as CLEAR, which stands for Canadian Loss Experience Automobile Rating. The Vehicle Information Centre of Canada has a guide entitled Choosing Your Vehicle which shows how insurance rates apply to different models of vehicles or you can visit their website at www.vic.com. This can be a source of helpful information. In addition you should talk to your insurer or insurance broker about the various types of vehicles you are considering to get an idea beforehand about what the premiums are likely to be.

In this article I've touched on seven components for purchasing a vehicle for your child: safety, reliability, drivability/handling, design, the purchase process, budget and insurance costs. There is an important role for parents in understanding these components in order to provide guidance. By making sure you are familiar with these issues you will be in a good position to help your son or daughter choose a first vehicle. ■

IN THE CITY AND THE FORESTER

The new millennium is bringing a host of exciting new automobiles and Subaru has taken the industry by storm with its new generation, Sport Utility Vehicle - the Forester.

Many of our nation's finest journalists have touted the Forester as the best in its class ahead of the Honda CR-V and Toyota RAV4. (TSN's Morning 58 - Best New Compact Sport Utility Vehicle plus accolades in *Cargado*, *CAA's* *Leisureworld*, *World of Wheels* and *Consumers Digest* magazines to name a few). Fortunately, many consumers feel the same way. So perhaps it is no surprise that sales of the Forester have been well ahead of Subaru Canada Inc.'s expectations.



The new 1999 Forester is a dynamic hybrid of car and sport utility. It possesses a 2.5L 4-cylinder (horizontally opposed) SOHC 16-valve boxer engine with 165 hp, compared to the 126 hp CR-V and 131hp RAV4. The energetic

Forester is built for the ruggedness of off-road driving coupled with the style, comfort one expects for city work. Nevertheless the astute Subaru engineers in Japan have successfully kept the faith in making it an outstanding, safe vehicle with superior gas mileage found on a car.

One cannot write an article about Subaru without mentioning their leadership in providing safe and reliable cars. Subaru is after all, the forerunner in the engineering of All-Wheel Drive (full-time All-Wheel Drive is found on all Subaru cars and models providing active safety and traction). One will also find 4-Wheel, 4-Speed ABS, a superior system to that found on competitors' buggies. What else makes the Forester an exciting and successful vehicle? How about front and rear SRS air bags, side impact door beams, front and rear crumple zones, child protection rear door locks, collapsible steering column, halogen head lights and fog lamps, CFC-free air conditioning ("S" model), sport rack system, front and rear cup holders, keyless entry, power heated mirrors, windows, locks, brakes, 80 watt AM/FM cassette/CD player, tinted glass, plenty of storage compartments, a low top luggage tie-down and low friction hinge to make loading and unloading a breeze!

There is really only one way to see how the Forester excels, it's the test drive. Contact your nearest Subaru dealer and discover what the journalists already knew.

(www.subaru.ca or 1-800-876-4AWD)

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Read the Bill of Sale Before you Sign It.

When buying a car, take the time to read the Vehicle Purchase Agreement before signing the document, says Bob Perce, Chief Executive Officer of the Toronto Automobile Dealers Association.

"Once you have signed this document, you have legally bought the automobile. All too often people think there is a cooling-off period, which will allow them to terminate the agreement, even if all conditions have been met."

"Unless one of the parties to the agreement has not lived up to their end of the contract, the agreement is final and binding," Perce states.

"We want the customer to read the document, understand it and ask questions if something is not clear. For example, there are a number of conditions clearly spelled out on the back of the document outlining various responsibilities of the seller, as well as termination conditions available to both seller and buyer."

Under the heading of vehicle description, make sure the vehicle identification number (VIN) corresponds to the automobile you are buying, Perce says.

"If it is a used vehicle, the purchaser should make sure the distance the vehicle has travelled is the same as the number appearing on the odometer. Naturally, you should ask

whether the odometer has been repaired or changed? Does the dealer have records?"

Perce says many people do not realize that when they are buying their car in Ontario the purchase of another vehicle, they are responsible to ensure that all original pollution control equipment on the vehicle certified under the Motor Vehicle Safety Act of Canada is intact and operational at time of delivery. The same regulation also applies to the sale of a used car by the dealer.

Another key item for purchasers to check is the section entitled Basic Vehicle and Options.

"Make sure that all optional extras that you agreed to are properly described in the



Robert K. (Bob) Perce,
CEO DADA/TADA

document. If you have agreed to extended warranties, make sure they are spelled out as are the listed costs of these extras. If it is not listed, you are not going to get it."

The purchase agreement is also clear on obtaining a Safety Standards Certificate and other Transfer Documents. It states that, unless the purchaser obtains a Safety Standards Certificate, the motor vehicle permit cannot be transferred to him or her. If the certificate is not requested, the seller or dealer delivers the vehicle as an "Unfit Motor Vehicle Permit," and the purchaser will be responsible for removing the vehicle from the seller's premises at their own cost. It cannot be driven, however, until a safety certificate is obtained.

In terms of trade-in, the purchase



agreement also spells out the conditions of the automobile being traded in. On the date of delivery, it must be "in the same condition, except for reasonable wear and tear," as it was on the date the purchase agreement was signed. If there has been unreasonable wear and tear on the automobile being traded in, the dealer has a legal

right to revalue the vehicle or be compensated for necessary repairs, Perce adds.

"Some things that should be disclosed to the dealer are past accident damage and repairs, whether it was used for commercial purposes or if the car has undergone major repairs or major component replacement."

He says it is also important to review and understand the financing terms of the agreement. There are listed items which purchasers may not have considered. These include registration fees paid to the Province, possible service charges that go to financial institutions, freight charges that are paid to the manufacturer and not the dealer and administrative fees charged by the dealership for services done to the car that are not paid for by the manufacturer.

There is also a section dealing with trade-ins as deposits against the purchase of a car and how the deposits can be applied against possible outstanding loans or necessary repairs on the automobile being traded in.

"The purchase agreement was designed to protect both buyer and seller. It is in your own best interest to read and understand it. If anything goes wrong, either party could be held responsible, particularly if a problem had not been disclosed - even years after the agreement was closed." ■



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OPEN DOOR POLICY: THE MERCEDES-BENZ C-CLASS

The new C-Class series from Mercedes-Benz offers a distinct driving experience from the ground up. Of course the Mercedes reputation precedes itself on that front, but a big part of this story is price range. Starting at \$32,950, the doors - the driver's side doors - are now open to a wider range of consumer.

There are three models in the line, starting with the C230 Kompressor Coupe and Elegance. Their 185-hp engine uses an intercooled supercharger to deliver impressive performance. The C280 Sedan is powered by a 194-hp V-6.

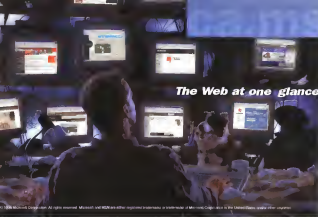
To complement the eye to detail that any Mercedes product reflects, the C-Class series offers a range of options. The dressed up Elegance C230 comes with alloy wheels, buff walnut trim and other extras. A Sport package, which



includes performance tires, sport-tuned suspension, anodized chrome body trim, and a plethora of eye-catching details, is available with the C280 Sedan.

In the interests of safety and performance, Mercedes has given the line standard Acceleration Slip Control, which fine-tunes traction, Brake Assist, which boosts braking power in emergency conditions, standard ABS braking, and standard four airbags.

The Mercedes experience invites a love affair with automotive detail. The C-Class line makes that invitation a lot harder to refuse.



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with our Prime Minister's involvement in plans to protect the visiting members—all of the ill—*is not possible*. Is someone else, or worse? As a country, we do not have much experience combating dangerously unassisted migrants, but this might have been it. How could Chretien or the RCMP have known that their precautions were unnecessary? And were they unnecessary? With 2,380 bodies buried on UBC's Main Mall, who can doubt the anxiety of those in charge of maintaining order? Perhaps some of those demonstrators left to wait their turn, could have been killed by armed goons accompanying Suharto. Perhaps people spray saved lives.

Marcia Cable
Aurora, Ont.

Canada should be a symbol of political and economic stability, a peaceful, secure nation. We must be an example to the war-torn or economically devastated countries in turmoil, especially as the mighty United States struggles with President Bill Clinton's misdeeds and the questions of impeachment. Shame on the divided citizens who would turn Canada's image by playing a scandal on Jose Chaves's "Confession of Teflon man," from the *Edmonton*, Oct. 3. The PM obviously isn't Canada's best asset.

ists who've denuded the reputation of our nation. The real crisis in this situation involves the *citizens*! Not one of many citizens as they dwell upon such a pathetically trivial matter and blow it way out of proportion. The government's incompetence and ineptness should be used towards the maintenance of Canada's status as the best country in the world as which to live.

April Nadeau
Guelph, Ont.

Yes, it would be nice, as Bruce Wallace points out in "A leader in the House" (Oct. 3), if our politicians would share more than just the limelight of a man like Nelson Mandela, whose agenda goes beyond the glorification of his own ego. Unfortunately, in their everyday efforts, they are more likely to be swept by such dyed-in-the-wool neoplatonists as Suharto, as our own PM has exemplified at the AFPC summit. By helping to protect such a so-called leader, Chretien is also mismanaging, whether he admits it or not, the corrupt and decadent values that Suharto represents. Values that pit greed before human rights and that are at the heart of the present economic crisis shaking the globe.

Charles LeBlond
Toronto

Gun registration

Your article concluded that not all Canadians agree on gun control. In light of a decision rendered by the Alberta Court of Appeals, the *discretion* over firearms registration and licensing extends to the judiciary as well. ("Taking aim at the firearms registry," *Canada*, Oct. 3). Four of the justices ruling on the constitutionality of Canada's Firearms Act concurred that Bill C-68 does *infringe* upon personal justification. The ruling upholds the federal government's right to implement the controversial legislation, but it also opens the door for appeals to the Supreme Court of Canada. Aside from the costs and the constitutional concerns, there is also the lightening possibility that C-68 will make us less safe by making a shopping list of firearms available to criminal computer hackers. Yes, you point out that police chiefs want the laws so that officers will know what firearms are present at an address; they are about to enter. Yet, *infringe* police officers—do people gang through those doors—won't be made any safer by registration. Police always assume there may be weapons present in any dwelling being entered under unknown circumstances. We can also be certain criminals won't be registering their guns, so a registry may give a false sense of security to officers investigat-

ing a so-called clean address. There will also be fewer frontline officers. As police agencies scramble to set up the registration system, uniformed officers are being shuffled behind desks to handle paper. Isn't it time for the government to rethink its gun control policies?

R. C. Morgan,
Executive vice-president
The Ontario Federation of Anglers and Hunters
Peterborough, Ont.

Justice Minister Anne McLellan's statement that "Canadians have decided they believe in gun control" in answer to concerns over Bill C-68 is simply not true if she means to suggest Canadians want to force hunters to register their guns. I doubt the average suburbanite really cares whether the gun in his backyard and I use to hunt are registered. With regard to the polls, ask yourself, do Canadians really believe in gun control, a la C-68, or rather do they believe measures are required to reduce violent crime in our society? If the answer is the former, then gun owners should respect the will of the majority. If, however, the concern is about the reduction of violent crime, politicians had better start cracking down that deal with the causes of violent crime rather than making hunters the scapegoats. One final thing: has anyone offered any plausible explanation on exactly how C-68

will help reduce gun-related crime? I haven't yet heard of a single example of how registry of law-abiding gun owners' guns will do that.

Joanne Morris,
Stamper, Ont.

Grateful families

As a survivor of the experience of the disappearance of a loved one, I speak first-hand when I say that if it hadn't been for Tim MacForth and Brad Folmer from Canada's Amphibious Search Team, the search for my sister's husband, my best friend, would have been an impossible undertaking. ("The body hasper," *Canada*, Sept. 21). Collectively, as a family, we had exhausted all the avenues available to us to determine his whereabouts and to shed some light on what had happened on the night of his disappearance. The authorities—the Canadian Coast Guard, Delta police and the Richmond RCMP—had done their best. Tim was referred to us by his acquaintance in the police department more than three weeks later. Apparently, CAST was aware of the case but was prohibited from contacting us. Tim and Brad listened compassionately to our plight and gave us some hope. They made us feel satisfied that we had done everything possible in our power to locate

him. This in itself lifted a great weight off family and loved ones' shoulders. When he was eventually found and laid to rest, the process of closure and healing could finally begin. Organizations such as CAST should be made part of police departments and search agencies to assist them in the arduous and painstaking search for clues to what happened and where the person might be found in the days, not months, from his or her disappearance. There's a misconception out there among the general public that when someone goes missing the police will do everything possible to find him or her, dead or alive. For so many reasons, be they budgetary, lack of manpower or lack of political will, survivors are left waiting in agony and feeling hopeless. You'd think that in a country such as Canada, and with 21st century technology at our disposal, police departments across the nation would be given adequate training to keep in place a task force that would do what organizations such as CAST do, but at no extra expense to the families involved. What happens to the people who can't come up with the \$1,000 to \$5,000-a-day fee that is required to cover costs? Do they lose hope? Is this asking too much? To all the members of CAST, keep up the great work—it's priceless.

Naftali Simonson,
Richmond, B.C.

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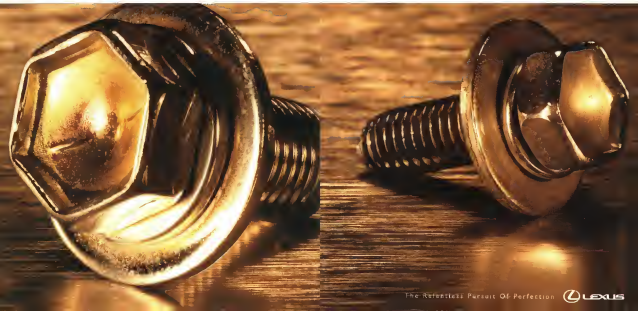
Can authors like these really be attributed to a single dimpled bolt? Probably not. But certainly the thinking behind the bolt.

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Column



Barbara Amiel Let me declare my conflict of interest

These days, it's de rigueur for a journalist to point out any possible conflict of interest that may lurk in his column. In this spirit of openness and just in case some readers really do have the KJs of harpings such announcements promote, let me make full disclosure. I am married to the chairman of Southern Inc., which is launching a new national newspaper in Canada later this month. I may also write a column for said paper, and if that paper is a financial success, then happy my husband's income from it will subsidize my obscure dress bills. (Oh one thing you can be sure: someone will take that last sentence out of context.)

Last Monday, I arrived at my Toronto home, jet-lagged to death, to see a large white tent flapping on our front lawn. About 150 CEOs and spouses/partners or pet scale had been invited to dinner that night to celebrate the upcoming launch of the paper and hear my husband give them a pep talk about subsidizing it.

With an hour to the arrival of potential new drivers for next spring's war drive, I looked at the tent. It resembled something out of *Mad Max*: a bare structure, huge expanses of rubberized nylon flapping over a dull, anachronistic-colored carpet. All that were missing were stretch beds and TVs. We were the decorations, the whang, the cheer leaders that make a large event intimate. I asked rhetorically: Rhetorically, because there was no one in sight to answer the questions.

After some searching, a reluctant person called an "events" co-ordinator appeared. "Why is this tent so horrid looking?" I asked sweetly. "The group," he informed me solemnly, "decided the evening should have a corporate look." The only look that came to mind was O'Brien or possibly the wedding tent for Le Corbusier's daughter. I began a search-and-rescue operation to salvage the evening. Six hours later, we hadn't re-created the Hanging Gardens of Babylon, but the Golds weren't molten was softened.

In one sense, nothing can harm this newspaper because the expectations of it are so underbilled. The hard left thinks my long hair will exercise a Meppianaphilic influence on the pure Snow Males of the North—then Canada of Ours. And our friends are expecting a solution to the global financial crisis. Thanks to the former, led by Maude Barlow and her Council of Canadians, we have had more effective publicity than any ad agency could dream up. Before this we are distrustful capitalists whose so-called monopoly will ruin a free press. Her solution is a publicly funded press. That may be a way to disseminate her opinions, but we are capitalists and so we can't, sadly, have newspapers that cater to our tastes alone. Such a newspaper would appeal to six friends and we'd go bankrupt.

Virtually every journalist dreams of starting up a newspaper of his or her own. There are, however, drawbacks. I am audaciously nar-

rowed by a surfeit of friends I don't know. The "friends" invariably are with letters and emails reminding me that our days together as journalists were the most fulfilling times for both of us—please see CV and resume attached. Alas, I don't know who they are. All I know is that friends I don't remember, no worry about this, will become enemies soon enough.

Creating newspapers is believed to give one great power and influence. G. K. Chesterton saw through that one. "In matters of truth," he wrote, "the fact that you don't want to publish something is nine times out of 10 a proof that you ought to publish it." Use a newspaper to protect your friends or promote your own needs and the franchise self-destructs, as with the late Tiny Rowland's use of his London newspaper *The Observer* to pursue various flying carpets, such as his vendetta against Harrods owner Mohamed Al Fayed. Circulation plummeted and the paper is on the ropes. On the other hand, let your editors know their brand and you will have faces when you go against your own short-term political interests and advocate at least some of your friends. The privilege of owning a newspaper comes with this responsibility, but unless you shake it, your paper will stand for nothing and mean nothing.

It would be irresponsible to say that there are no particular points of view I want to see published in the new newspaper. For years I have personally lauded the heterogeneity of the Canadian media and its diverse-minded approach to ideas. The real monopoly in Canada has not been one of ownership but of ideology. You have only to go to organizations like Telefilm Canada, the National Film Board or the CBC to encounter a solid wall of "house opinions" on public and foreign policy. No genuinely owned newspaper could afford to be as narrow in its opinions as these organizations. And it is not because the staff there are without talent: the CBC, for example, has hired some of the best people in the country and then hired some of the most to be in charge of them.

Examples of this closed mind come by the carload, but the most egregious was the reporting of Southern news poll taken after the Quebec referendum. That CGRIPS poll showed no government support, even in Quebec, for the right of the federal government to protect minorities in Quebec and for the partition option in the event of a Yes vote. The poll's results were totally ignored by the CBC and the Toronto press—not for competitive reasons, because Southern, not having a Toronto newspaper, didn't compete with any of them at the time. The results simply didn't fit their bias.

In the end, starting up a newspaper becomes a compulsion. As Malcolm Barclay put it: "Reading newspaper else's newspaper is like sleeping with someone else's wife. Nothing seems to be in precisely the right place and when you find what you are looking for, it is not there clear how to respond to it." I think we've got a trace of extreme fiery talent and this time I know they are in the right place.

I'm hoping my
husband's income
from the
new national
newspaper will
subsidize my
obscene dress bills

FOR THE LOVE OF POWER

Is Jean Chrétien a closet autocrat?

BY BRUCE WALLACE

I did not take an Ottawa breakfast table with George Baker as an altogether good sign for his own government. Over nearly 25 years on the Liberal party's back benches, the popular Newfoundland MP has always been something of a renegade in the House of Commons, a freely independent thinker who never allowed his up and will to be infected by Ottawa's constant sycophancy. As chairman of the Commons' Fisheries committee since the last election, Baker had turned his scolding but always good-humoured and articulate fire on the Liberal's handling of Canada's damaged fishing industry.

Last March, his committee produced a scathing report condemning the government's role in the wreck of the *East Coast Fishery*. It told Ottawa to break agreements that allow foreign fleets to fish Canadian waters. It demanded senior bureaucrats in the department of fisheries and oceans be fired. And, when Fisheries Minister David Anderson said his officials refused to provide original reports on under-predicted observers aboard foreign vessels, he asked the Commons to find them in contempt of Parliament.

It was hardly surprising the Liberals would not allow such an assault within to continue. In recent months, committees from Prime Minister Jean Chrétien's office blasted Baker might want to tone down his attacks, pointing out that his committee chairmanship was up for renewal in September. "Committees in our system are just not supposed to operate in the freewheeling way this committee operated," explains one Liberal MP on the fisheries panel. So when the new roll call of parliamentary committees was published late last month it was conspicuous but hardly shocking that Baker's name was missing.



THE LITTLE GUY FROM SHAWINIGAN A growing chorus of critics says that the Prime Minister, at 24 Sussex Drive with his wife, Alice (above), has grown ruthlessly intolerant of opinions other than his own.

The *Canadian Press* MP has gone to ground, insisting for weeks that the Prime Minister did not know of his removal. But the Prime Minister did "not kick me out," his uncharacteristic silence suggests many of his colleagues, who wonder why an MP known for his willingness to defy party discipline in the past seems to have caved to pressure from above. Those who know him best insist Baker is simply a realist who realized he could not bravely back his own party leadership forever. He chose to resign the seat of influence that drops down to those MPs who stay in line, rather than facing the frustration and impotence of being an outlier. But the incident also drove back the curtain on how power is wielded in Jean Chrétien's Ottawa. By allowing one issue (access to be served into late), by permitting such relatively minor dissent to be crushed on his watch, the Prime Minister gave ammunition to the growing chorus of critics who argue the self-styled little guy from Shawinigan is actually a closet autocrat, ruthlessly intolerant of opinions other than his own.

For nearly five years now, Chrétien has remained consistently safe of approval ratings over 50 per cent simply by sticking to his role as a humble outsider to the grating business of Ottawa. But with his government entering its middle of its second mandate, with no apparent mission and producing little in the way of legislation, Chrétien finds his own governing style coming under scrutiny. There are unsettling signs that the Chrétien enigma has dropped its mask of modesty and is starting to show its fangs. Among the most telling recent developments was the controversial—but for the government, convenient—firing of Bernard Donohue, who, as chief adviser of the Canada-Primer Plus, insists he was asked to judge Harper in the government's favor. And last week, there was Chrétien's benign defiance in the House of Commons of Solicitor General Andy Scott's overtures in discussing late cases with another prisoner on a commercial aircraft (p. 23).

The most obvious analyst for putting Chrétien under closer examination, however, is the current inquiry into events at last November's Asia Pacific Economic Co-operation summit in Vancouver. Documents suggest Chrétien—or at least members of his inner circle in the Prime Minister's Office—mismanaged security plans for the

summit, where RCMP officers appeared to have roughed up University of British Columbia students protesting the presence of Asian dictators on their campus (p. 21).

The Prime Minister's role in the APEC fiasco remains to be decided, but there have been previous indications of Chrétien's impatience with protesters and those who challenge him directly. The most memorable came when Chrétien demonstrated what he jokingly calls his "showing a handshake" by grabbing unemployed worker Bill Clinton by the throat and showing him under duress a 1996 flag day celebration in Hull, Que. Many Canadians thought a glimpse of a more intransigent version of Chrétien when he gave the brush-off to a worried unemployed woman during a now-famous CBC televised "town hall" meeting.

But what matters to the cabinet ministers, bureaucrats, backbenchers and lobbyists in Ottawa is not so much how the Prime Minister treats others as Canadians as how he treats them. And Chrétien is getting some rough reviews of late. "He has a reputation as a people person, but I don't know where it comes from," says an angry Quebec Liberal backbencher. "He never has time for us. He's a very self-centered guy." A senator appointed by Chrétien to the upper chamber describes his old friend as "ruthless a dictatorship." And independent MP John Nason, who sits with the members of a crew who has already been indicted on the Liberal charges for voting against the 1995 budget, argues that "this country is run by a half dozen people, half of whom were never elected by anybody, and they are in the PMO."

Some Liberal backbenchers used a vote last week on a Reform MP's private member's bill to show their impatience with how they are being treated. "Twenty six Liberals voted, against explicit instructions from their members that would protect children from sex offenders who the minister-rebels as an example of the Prime Minister's willingness to tolerate dissent," said Donohue. He stressed that Chrétien calls the weekly caucus gatherings "the most important meeting of the week."

In any event, at last week's national caucus, the 28 MPs who voted for the Reform MP's bill were heavily chastised by Scott's parliamentary secretary Jacques St-Onge for their disloyalty. "Chrétien will tell you they have a growing problem with the caucus and they say they want to change it," St-Onge said. Chrétien's contact with the Prime Minister and the PMO "they could start," he added sarcastically, "by taking less than four months to answer our phone calls and letters."

Backbench backslapping is, of course, as old as the back bench. But several cabinet ministers and senior civil servants, speaking anonymously, agree that the Chrétien PMO guards more power, more jealously, among fewer close advisers, than any they have seen. "Finger off," says one deputy minister. "This place is run out of a small, tight PMO, and if you want to go in there, you have to go through your own door." University of Manitoba political scientist Donald Sirovica, who has just finished conducting dozens of interviews with past and present cabinet ministers for a new book, agrees. "It is the center and the people in the wheel," says Sirovica, whose *Governing from the Center: a study of the growing power of cabinet government in Canada*, will be published next spring. "Our national institutions starting with Parliament—and I'll include the cabinet—are in bad

shape. They are being bypassed." And former top civil servant Gordon Robertson, who worked for prime ministers from Mackenzie King to Pierre Trudeau (author of what's now shrouded from imposing their authority), agrees that "the concentration of power in the hands of this prime minister is as great as I have ever seen it."

The power most obviously visible is exercised by a small, discreet cabinet around Chrétien. Unlike many Mulroney-era advisers, "groupie" bench followers eager to dole out their influence to journalists, the Chrétien cabinet generally has shown great discipline in releasing leak-prone profiles. That curbs of spontaneity may help limit the APFC inquiry from at least two of their former operations director Jean Carle, who has since left the Prime Minister's staff for a job at the Business Development Bank, and chief of staff Jean Pelletier. Carle's bulldozer personality, as periodic, insured Jew and some note-to-side looking among other Liberals during his time in the PMO.

More inquisitive, sometimes Pelletier, though he, too, is feared—as

The PM and a few intimates have centralized power

well as respected. One critic even who has dealt with him on a daily basis describes Pelletier as "a real problem, soft-spoken, polite—and someone I would never cross." He has "the power of a minister plus the power of a secret," adds a cabinet member from Quebec. "I think it suits the PMO for Pelletier to have this genre of darkness image," notes one Ontario MP. "Unhappy Liberals can blame him, not Chrétien." The latter sentence is rounded out by Donolo and longtime Chrétien confidant Eddie Goldenberg, who leaves his imprint on not by every policy decision.

In Liberal circles there is increasing awe at how these advisors seem to have an obsessive with protecting the Prime Minister—over the broader government interests. A Ministry of Chrétien associate from Montreal business and political circles points to the Prime Minister's Millennium Scholarship Fund, which will provide grants to lower income university students as an example of the group's narrow vision. In Quebec the fund's latest iteration into an area of provincial jurisdiction aroused widespread anger—even among Chrétien's Liberals. When it was, says the Montreal Liberal, an example of what happens when "a policy dreamed up by the PM and his closest aides in secret gets water-droplet before it is announced."

The PMO is not just willing to offend provincial sensibilities; Chrétien has occasionally bug cabinet ministers and to try to win his own ends. And last year he managed to do both on one occasion. A senior Liberal aide still bristles at how Chrétien ordered Environment Minister Clinton Stewart and Natural Resources Minister Ralph Goodale just before the Kyoto conference on global climate change. Chrétien sent the two ministers to a federal provincial meeting in Regina to get a consensus on how fast and by how much Canada could agree to cut its carbon emissions. Just days after an agreement was reached, Chrétien suddenly announced his own, "greater" target. "The PMO thought they could get some quick environmental credit for the PM," says the aide, "when all they ended up doing was embarrassing and discrediting two ministers with the provinces."

The friendly but intensely combative Donolo challenges that view, contrasting the rambles of confusion over how to "integrated Canadian needs and political opposition" for the five years he saw support for Jean Chrétien essentially unshaken, and seems to get mad at Canadian that not being more angry at Chrétien. "Donolo says there are many checks on the power of a prime minister, from hostile provincial governments to a muscular judiciary. And he says the current law over



A SECURITY CONCERN: Donolo is a member of the Prime Minister's inner sanctum.



FEAR AND LOATHING: Bored by many, Carle will appear at the APFC hearings.



LEAVING HIS MARK: Goldenberg has a say in almost every Liberal policy decision.



'THE PRINCE OF DARKNESS': Pelletier, with Chrétien, remains feared as well as respected, and is the words of one civil servant, is "a hell of a guy, polite—and someone I would never cross."

whether Chrétien governs too authoritatively is nothing more than hypocrisy on the part of his critics. "When he's elected, people were saying he is going to be just like Ronald Reagan who was up to the job, who missed nothing and who wouldn't run things," says an insider. Donolo's view rings as he warns to the Prime Minister's office, "they are complaining that he runs things too much."

One very Chrétien-like factor of government like it is despite its point to the long list he gives his ministers. Since 1989 he has trumpeted his willingness to let them do their jobs without undue interference. "The PM is often willing to let us do things, even when he himself is not convinced we're right," agrees one senior cabinet minister. "Chrétien can be forced if he has as opinion he less you hear it." But his ministers don't live in a vacuum of fear.

The most telling example of Chrétien's willingness to acquiesce to a minister on so much where he did not agree was when Finance Minister Paul Martin, wanted to own back the old age security system in 1985. Martin argued it was a good policy; Chrétien suspected it was bad policy that he allowed. Martin did so against Chrétien. But last summer it was clear that a powerful lobby of senior citizens and soon-to-be retirees was so strongly opposed to Martin's plan that the government would have to

back off. In July, the finance minister made an uncomfortable pledge to Chrétien's office for one of their rare face-to-face meetings. Chrétien had been right, Martin told him, and agreed to a handful one of the most cherished programs. And on both sides say Chrétien didn't push. "The PM could have said, 'I told you so' but he didn't," says a Chrétien aide. "Martin was ready to do anything but he had the PM never served."

But Martin remains a special case: the one minister whose personal style is so high with Canadians that Chrétien may not be able to risk losing him. And no Liberal freedom does not involve power as much as first appeal. By encouraging his ministers to do with first priority rather than through the traditional, cabinet cabinet process, Chrétien has added to his power. Full meetings of cabinet have become rubber-stamping exercises, say many ministers and officials who at least the sessions. "Decisions have already been taken by the time they get to cabinet," says one top aide to a minister. "Cabinet is just running staff through."

Nothing illustrates the importance of cabinet decisions more than the dismal failure of last year's pre-budget exercise. Blessed with a small surplus for the first time since the Liberals returned to power in 1980, the Privy Council Office instructed ministers to propose a wish list of new spending projects, and to defend them before their colleagues in cabinet. The idea horrified Martin and Chrétien, who correctly predicted it would become a wild and unbridled grab for money—though Chrétien let the process proceed. But it quickly became apparent to other cabinet members that their appeals were going nowhere, providing one of the nation's cabinet exchanges since the last election.

With Martin rejecting such request for money as it came up, Health Minister Allan Rock finally exploded in anger at how cabinet consultation had become a charade. "We all run around, bringing our ministers on how to sell the departments and coming up with things we could agree upon, and in the end we all just looked silly," recalls a deputy minister in another department. "It was obvious that Martin and the PM had already decided where to spend the money." Alan offers get the message: in subsequent months, they appeared directly to Chrétien for their projects. Foreign Affairs Minister Lloyd Axworthy went that route with his \$100 million for an anti-drug campaign. Health Minister Shelly Coppell did the same for a new infectious geriatric fund. "We have learned our lesson," says a senior ministerial aide last week. "From now on, we deal directly with Chrétien."

Just as Chrétien did not, of course, invent the Canadian system of government that binds us much power to a prime minister. In the 19th century, British politician Thomas B. Spence argued that the Westminster parliamentary system gives prime ministers the power of a temporary dictatorship. A Canadian prime minister, governing with a majority in Parliament, has few checks on his authority. Consider the list of his powers: he selects his cabinet and has final approval over the placement of every senior public servant; he appoints the Supreme Court of Canada and all federal judges; he appoints senators and controls thousands of other appointments to public agencies and commissions; the Liberals have just introduced a bill which critics say would weaken the CSC's independence; by making the president and board of directors serve "normal" periods of the government; he appoints the commissioner of the RCMP. Through the party whip, he even gets to impose his will over which MPs get to sit on committees, and on who is permitted to rise to ask questions in Question Period.

The real centralization of power in Canada, says historians and

A man in a dark suit and patterned tie is wearing a fox mask. He is sitting at a desk with a computer keyboard. The background is dark and out of focus.

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COVER

Peppered with technicalities



the hands of chairman Gerald Morin and his two co-panelists in that if there was such interference, did Christen, or those close to him, direct it? Lawyer Cameron Ward, acting for 28 students and political activists who complained about their treatment by the RCMP, put the charge most forcefully: "Mr. Christen invoked a form of martial law," Ward declared, "and asked the RCMP to carry it out."

But just five days after the inquiry began with Morin's promise to uncover "not only what took place, but why," the panel stood down for Thanksgiving weekend, beset by malfunctioning trailers. Not the least of those was a controversy created by the commission's boss, Solicitor General Andy Scott, to whom both the RCMP and the complaints commission report, was accused of having predicted as an overheard conversation that the panel would find the RCMP guilty of using excessive force—with one particular officer being "the guy who takes the fall." That report prompted Ward to seek to have the panel scrapped outright, in favor of an independent judicial inquiry. "If Mr. Scott has prejudged the outcome," the lawyer said, "it is a biased hearing, and I want it stopped." The panel referred Ward's motion to the Federal Court, which will now have to rule whether Scott's interference compromised the inquiry.

Meanwhile, the panel last week reserved judgment on whether lawyer's demand that it issue a subpoena to Christen to compel his testimony. "Nobody at his right mind can argue he does not have relevant evidence to give," argued Joseph Jurewicz, who represents attacking law student Craig Jones. But Ward and Arvey

Legal wrangling ties up the inquiry looking at the APEC summit



SEARCHING FOR ANSWERS: James Orlin and Arvey want taxpayers to pay the legal fees of protesters testifying at the Vancouver hearings.

The next Prime Minister Jean Chrétien hopes never to take an extraordinary, dust-colored cloth and steel chair. It sits behind a small table draped in black as a bland, third-floor meeting room of Vancouver's Plaza of Nations, a vibrant architectural relic of Expo '86. Last November, the complex was the site of the People's Summit on APEC—a tightly funded conference on human rights held to coincide with a meeting of 18 Pacific Rim leaders in the city. Now, it is where in RCMP Public Complaints Commission is trying to figure out why, when students demonstrating in support of those rights ran up against police guarding the leaders attending the Asia-Pacific Economic Co-operation summit, they were met with pepper spray. But the tribunal wound up after five weeks of public hearings on Oct. 3, an exploration of those events was met increasingly during, as its work repeatedly became entangled in procedural wrangling.

The three-member panel, keenly charged with investigating complaints about RCMP handling of security at the summit, faces three key issues: all having disturbing implications for civil liberties. Pepper spray figures prominently in one: whether police used excessive force during shootouts with students on the campus of the University of British Columbia. Site of a student leaders' retreat, on Nov. 26. A more troubling question is whether police also went beyond securing the physical safety of Christen and his guests, who included Indonesia's then President Suharto, to interfere with Canadian largely expressing their views. But the most explosive question in

spontaneous at the week arguing that they should join other lawyers who are being paid by the taxpayers for their time. Already on the public tab, in addition to the three panelists, are Chief Commissioner Oswald Chris Christen and about 200 investigators, as well as separate legal squads for the federal government (including the RCMP as a force), one group of 38 non-RCMP RCMP members, and separate legal counsel for Staff Sgt. Hugh Stewart, the officer who initiated the pepper spray on a one widely released incident. In all, several thousand lawyers occupy two rooms, eating tables, the floor.

Last week, the federal government has refused to pay Ward and Arvey, ignoring both arguing from the panel and the recommendation of a Federal Court judge to do so. Last week, the two wanted they cannot satisfactorily represent students, who cannot afford to pay them—raising the possibility that the only people appearing without legal counsel before the panel may not be the alleged victims of police misconduct. Last week, the panel refused to rule on a proposed motion by Scott to rescind his earlier decision, and so presented students worried they might boycott the hearings.

Just how quickly the panel can move forward even with all the players present is also in doubt. Last week's schedule called for nine sessions to testify, but the panel did not even finish hearing from Jones, who was the first to be called. The commission's own lawyer dismissed suggestions that his going solo has been derided by some sources. "It's going well," insisted Canadian "Witnessers are invited to participate with the process." But at this point, progress may not produce answers to the panel's questions before next spring. More than 120 witnesses are still scheduled to testify—not counting Jean Christen.

CIRIS WOOD in Vancouver



COVER

A case of loose lips

Notes from a plane ride rock Ottawa

There is plenty to gossip about at the Lord Beaverbrook Hotel in Fredericton these days. For years, a collection of local lawyers, businessmen, politicians and business party types—most of them Liberal—have gathered Saturday mornings in the hotel's restaurant to sip coffee and discuss politics. The group of opinionated talkers has long considered one of their best listeners to be local MP Andy Scott, who is also solicitor general of Canada—the man in charge of the RCMP and the Canadian Security Intelligence Service. Last week, however, Scott got caught on the tail end of confidential government business with a friend on an earlier flight. In Ottawa, Opposition MPs mocked him as a loose-lipped chatter. His coffee buddies could hardly believe their ears. “He is a very circumpect guy,” said Fredericton businessman Fred Branson, a taken. Vary in the Saturday group. “This sort of action does not square with the man known as Scott.”

But neither does the image of a humiliated Scott struggling to defend himself in the House of Commons after he learned that NDP MP Dick Proctor, who had sat two seats away from him on Air Nova flight 803 from Ottawa to Fredericton on Oct. 1, had taken notes of Scott's conversation. Proctor maintained he overheard the solicitor general predict tolls to someone that Prime Minister Jean Chrétien would never be connected to the scandal as outstanding last November's Asia Pacific Economic Co-operation summit in Vancouver. He revealed that Scott promised that a civil-level Montreal would take the fall for the APEC flunk. As Proctor remembered it, the top cop on the line even spoke disparagingly about German-Canadian businesswoman Karla Buz Schreiber and former Newfoundland premier tanahlelelyni Frank Moores, two of the principals in the Mounties' ongoing investigation into allegations of corruption in the 1986 sale of Airbus jetliners to Air Canada. (Schreiber later alleged that Scott revealed information only

reliable, from an RCMP wiretap.) “It was remarkably indiscreet for a solicitor general,” Proctor told Maclean's. “He is not a cocky and full of himself.”

Not by week's end. Day after day, the Opposition hammered away, calling for his resignation on the grounds that he had prejudged both the APEC inquiry and the Airbus investigation, although Proctor conceded he has never heard the word Airbus. Scott, a short, plump 45-year-old, almost bald in the face, “The news is that he was a member in parties policies as part of a stomachy left-hand hold in Barker's Pass, near Fredericton. And, even before he came to Ottawa in 1993, most of his work was life had been spent around the Liberal party, including a stint as a senior policy adviser to former New Brunswick premier Frank McKenna. “As a member of a completely competent individual, I suspect he has been McKenna, now providing him in Montreal.” “I do not know anyone in politics who is more honest or sincere.” Yet even his admirers suspect that he might still be starry-eyed enough about finding himself in the big leagues to brag to an old acquaintance about such matters as his “standing offer,” as Proctor's policy boss, to become an ambassador to the United Nations.

Twisting nervously in the Commons, Scott denied Proctor's allegations outright, claiming “none of it is true.” Talking to reporters later, he was more vague, saying he could not remember who sat beside him, even whether it was a man or a woman, or what they spoke of. Then, a day later Scott repeated his memory and identity, but not that he was an acquaintance of 35 years. New Brunswick lawyer and longtime Liberal supporter Frederick Toole, in a carefully worded note to Scott, Toole admitted they had discussed the APEC inquiry, but denied that the minister had said anything “which I later printed” as compromising. Toole, though, Toole refused to say Proctor had made up his story.

The Liberals desperately argued that Proctor's remarks were the result of comparing the Saskatchewan MP to the now-infamous Linda Tipp, who recently taped Monica Lewinsky. Proctor, though, maintains his conscience is clear. “I would have never worn a wire or used a cell phone conversation to trap the solicitor general,” he said. “But this occurred in a public place. We thought about it for a long time and decided that what he had said was of more importance than how the information was obtained.”

It was moreover political dynamite. With Scott sitting under the onslaught, Chrétien came to him and repeatedly during Question Period a note sign that his cabinet post is quiet, at least for now. Liberal insiders say the Prime Minister has strong political reasons for standing by his man. Scott is the only minister from Atlantic Canada and the only one from New Brunswick, where the Liberals have just three MPs. And convention has always dictated that each province have a seat in the cabinet table. “With Scott gone the party in New Brunswick are very slim,” concedes one adviser to the Prime Minister. In truth, Scott would likely still be mulling over the Chrétien backdoor had former defence minister Doug Young not loosed New Brunswick, and in the last election. Now, even in his home province, there are questions about his ability to perform in such a demanding post as solicitor general. “He knows he is lucky to be in cabinet,” said one Fredericton Liberal who has known Scott for years, but added not to be intimidated. “The business back maybe he can prove all those doublets wrong.” But last week that looked like a very big if.

JOHN DEKINT in Ottawa



UPHEAR IN THE COMMONS, Proctor swore he was telling the truth, Scott (top) closed any wrongdoing.

Digital Conceptualist

Name:	Tizmin Lalani
Job Description:	Give life to ordinary information through interactive multi-media communications
Latest Achievement:	Created an interactive CD-ROM for CIBC's SmartStart program that teaches kids about money. Its success increased or was by 35%.
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PHONE SCAMS

BY JOHN NICOL

As a child, Gloria Vetter watched her grandmother win bluebirds and tea kettles at bingo. She was also told she had inherited her grandmother's luck—and when she grew up, she also won regularly, taking home bingo jackpots as high as \$3,500. So, in early 1995, she was not surprised when a Montreal company phoned to say she had won \$50,000 in a sweepstakes she could not remember entering. All she had to do was send in \$2,148 to cover fees. Vetter did not have that kind of money. But as a bookkeeper for a Guelph, Ont., builder, she "borrowed" from her employer by forging cheques to herself in his name. Over the next 10 months, as an ever widening circle of new telephone friends called to say she had won a total of \$2.7 million, Vetter continued to embezzle funds to pay other "burgers." Vetter says she fully intended to pay the money back, but in the end there were no winners—only a two-year prison sentence on three counts of fraud. "She'll never see that pot of gold," her lawyer, Tom Brock of Nicholson, Ott., told the court in September, "and neither will anyone else."

Vetter's case may seem extreme. But the 57-year-old is only one of the latest victims of what one RCMP officer calls an "epidemic" of telephone fraud. The underground world of fraudulent telemarketers is mushrooming in Vancouver, Toronto and Montreal, offering customers loans or credit cards, a chance to invest in dubious foreign lottery tickets or "priceless" gems, or convincing them they have won a sweepstakes. For the most part, these companies prey on elderly Americans—although Canadians are increasingly becoming targets—taking advantage of institutions such as the phone companies and Canada Post to get their money in a country that overvalued the United States in long-running laws against deceptive telemarketing (page 20). Justice officials estimate these fraud artists cheat their victims of at least \$480 million a year—while some individual victims have been duped for more than \$1 million. And Anthony Proffitt, a psychologist at the University of California at Santa Cruz who specializes in persuasion, warns that many intelligent, sophisticated people have been duped by telemarketing artists. "When you think you're smart enough not to get taken, you'll likely be the first person."

What the fraudulent telemarketers prey on is a person's Achilles heel. In Vetter's case, it was vulnerability: In October 1995, she was recovering at home from two serious operations when she unexpectedly introduced herself to telemarketers by buying 10 pen-and-pencil sets for \$500 from a firm called Home and Business. The company, say police, was working both ends of the telemarketing fraud business—misrepresenting the value of pens they were selling, and then returning to those victims a few months later to say they had won sweepstakes. Home and Business asked Vetter to send in her name and a photograph of herself so they could transport her as the "Sweepstakes Queen," and within days of sending in her payment, Vetter was receiving new calls—order from the same people using different company names, or others who had bought her name on a "hooker" list.



No winners ever arrived. For 10 months, Vetter fell for the most amazing con games—the money was being held in a New York City bank account, was stopped at customs, or was in a bank's trash that was "on its way"—from con artists who used names like Donna Reed, Howard Stern and Phil Harrison. Meanwhile, she continued to pay other charges—legal fees, U.S. duties, Canadian duties, annual tax, capital gains tax, whatever the telemarketers could dream up. She gave up her company, spending under names such as Columbia Group or Consumer's Group, \$432,000. Looking over her list of the Montreal telemarketers she talked to, Vetter told Maclean's in an interview before going to prison: "I can't believe how stupid I was not to recognize the celebrity names."

In total, Vetter embezzled \$768,000 from her employer, of which some \$500,000 went to no fewer than 11 Montreal-based companies. Vetter can't explain why she was so glibble. "All I can say is that when you get down and depressed, like I was coming out of hospital, you believe more than you should," she says. "I can look myself now. I was so excited—it seemed that when they phoned I was in another world." She was also, she says, under the spell of a psychic who, Vetter claims, guaranteed the arrival of her winnings—in exchange for large sums of money. In an interview with Maclean's, the psychic denied receiving large sums of money from Vetter and said she had no connection to telemarketers.

In November, a Montreal branch of Canada Trust became suspicious that an Ontario woman had sent 20 \$2,500 money orders in one week to one of their clients. It contacted Vetter's bank in Guelph,

Telemarketing fraud is mushrooming in North America—and Canadians are the villains

HITTING THE VULNERABLE:

Vetter (above), a victim of what one RCMP officer calls an "epidemic" which is being spread by a new and intrusive breed of home-grown con artists



For the most part, the companies prey on Americans—but Canadians are also becoming targets

which tracer her account and contacted her employer. She was soon fired from her job and the police showed up at her door wanting to know about 104 forged cheques. "I lost a real good job. I've earned my name and my credit, and for what?" said Vetter before being sentenced on Sept. 9 to serve a two-year term at the Grand Valley Institution for Women in Kitchener. "None of the money has arrived."

In severe cases. Officials at Project Phoenix, an Ontario Provincial Police unit in North Bay, Ont., for information and complaints about telemarketing scams, say that over the past three years they have heard from about 15,000 victims. About 600 of them have reported losing a total of \$3.9 million to the same companies that deceived Vetter. But all that does is underscore the difficulty in apprehending the con artists and prosecuting them. Some of those companies have been raided by police, but charges have yet to be laid. In many cases, the same fraud artists are involved. In other times, but they constantly change their area and their company names and the locations of their "hotline rooms"—places where the telemarketers make their calls (page 20).

According to RCMP Staff Sgt. Laurier Quenell, the addresses to which cheques are sent are only postal boxes, and the phone numbers nothing but voice mail. "We don't even have their names on there. They doing a court case with that," Quenell is a head of Project Colt, a 13-person unit formed in April by officers from the RCMP Quebec provincial police and city of Montreal police to stem the rise of telemarketing fraud in Montreal. The only combined forces effort of its kind in Canada, it has raided nine boiler rooms in the past six months and interrogated being charges against 50 people by early next year. But Project Colt has only scratched the surface of the problem. "In the beginning, you had certain families doing it," says Quenell. "But now, everyone is trying to get in on the act. There's doctors and psychiatrists doing the phone lines, and a lot of young people. The managers are your motorcycle gangs and street punks. There's so much money to be made, too, you can't score them away."

The Canada-U.S. border helps. With most of the victims in the United States, Canadian police are generally reluctant to tackle the growing telemarketing fraud problem because of the cost of tapping phone lines and bringing in witnesses from great distances, especially in an era of tight policing budgets. They also know that when two justice systems are involved, investigations are more lengthy and complicated. And, most frustrating to police, perpetrators know the Canadian judicial system has traditionally given lenient sentences for that kind of fraud. Quenell says judges have to be convinced that telemarketing is not a minor crime—"They're pulling senior citizens out on the street with nothing left. The day a judge's father gets done by a telemarketer, he'll understand what effect it has."

When Canadian police raid boiler rooms, crooks are quick to ask if they face criminal charges in the United States. Since



SELLING A DREAM:
Michael in Toronto:
Experts say the most common fraud among victims is an inability to hang up the telephone



THE PROCEEDS OF CRIME:
Down and his political views as Berlusconi (above) viewed as a local job made good, the native of Manitoba grossed \$107 million a year with lottery-scams operations in Vancouver, Toronto and Kitchener, B.C., and is now fleeing charges in the United States

1994, Americans have treated telemarketing fraud as a serious crime, with judges empowered to hand standard five-year fraud sentences by fine to 10 years when the scams target American seniors. But in Canada, the average sentence is two to six months—and still too often the criminals are not even charged, much less successfully prosecuted. For two months in 1995, Montreal police collected thousands of tapes of endorser, through videotape and video and physical surveillance, on eight telemarketers. But after police laid charges, the Crown entered into an agreement, the telemarketers pleaded guilty in exchange for paying restitution totalling \$212,000 and doing community work.

The story of Scott MacKenzie Langman, who organized prize scams in Montreal, is another case in point. Langman's telemarketers said victims they would win one of five prizes if they acted in a live Q&A from Phoenix-based callers in the spring of 1995 with fraud and conspiracy to commit fraud against Ontario residents. But the Crown dropped the charges in February 1996. U.S. prosecutors on the other hand, did not hesitate to go after Langman. On Sept. 14, he and his three top officers pleaded guilty to wire fraud in Wilmington, N.C., and because their partners targeted elderly Americans, now face up to 30 years each in jail they will be sentenced in December.

The United States takes telemarketing fraud seriously in part because of efforts by the Washington-based American Association of Retired Persons, which showed lawmakers how extensive the problem is. "Telemarketing fraud isn't about money. It's about the human suffering it causes—it's life-shattering," says Anita O'Riordan, who heads the anti-telemarketing fraud team at the association. O'Riordan, who has dealt with hundreds of victims, adds: "It makes little people seem to pick up the phone. It makes them afraid to tell their children about it, in case they feel the parent was so stupid they should be punished. To me, it's just as abusive as a nagging—with the phone as a weapon."

The Canadian who has been winning the most weapons in Vancouver-based James Blair, 55, born in Manitoba near Brandon, he was reported a local job made good, with race horses and a seaside mansion on Barbados. Down ran telemarketing boiler rooms in Vancouver, Kitchener, B.C., and Toronto that sold worthless lottery tickets and grossed \$107



A harmonica player with a mission in Montreal

Ralph Leroy Lewis Sr. is an 81-year-old harmonica player from Enid, Okla., who outsourced a Canadian telemarketer. When a woman from Montreal called every day for more than a week to say he and his wife, Thelma, had won \$850,000 that was sitting in the "Bank of Canada," Lewis was reluctant to part with the two-piece suit he had custom-made for himself. "They told me make a cashier's cheque for 4,000 and something dollars," said Lewis, who spent 42 years working on the railroad in Louisiana and "shrimped till I was worn out" on his boat on weekends. "They said, 'If you want it all here, all you'd have to do is sign the cheque, and that's all there'd be to it.' By golly, I called around to the airports and me, and the wife got on the airplane on Friday. We had people checking around, and couldn't find nobody that they said to mail that letter to."

RCMP Col. Chris Knight of Project Colt, the special Montreal-based task force fighting telemarketing fraud, says police encounter people like the Lewises about once a month in Montreal. They fall into two categories: those who want to see who they're dealing with before they send any money, and others who have sent the funds and show up "knocking on doors and demanding their money back." In most cases, Knight says, they "get off" in Montreal, had a cab to an address. Next thing you know, they're in front of a run-down apartment building, which is nothing more than a mail drop. They're faced with the reality of "Hey, I've been had."

Luckily, Lewis and his wife were members of the first group. With his cashier's cheque still in hand, Lewis says he and Thelma approached a customs agent at Montreal's Dorval Airport for help in locating their windfall. The customs agents put them on to Project Colt. The RCMP officers, said

LOOKING FOR \$850,000:
Lewis with wife Thelma: getting on an airplane in Kitchener and flying to Canada to claim their winnings

Lewis, "were awful nice. They took us downtown, where we could get a hotel. On Saturday, we just needed around. It's a big town—didn't know there was that many million people."

Knight, who has been working on telemarketing fraud for three years, says it is all too easy to get scammed. The victims, he notes, are "what society should be good, law-abiding people, coming from an area such as a thing wasn't done. They're not just any scammers. As far as Lewis, a talented harmonica player who performed on country legend Buckle White's show this past summer, he played at police headquarters as a token of his appreciation. "We showed them around Montreal a little bit," Knight says. "At least they can go home and say not all Canadians are bad."

million a year. Victims thought they were purchasing, with other players, packages of tickets in the Australian, Spanish and other state lotteries. Unknown to them, Down's companies took a huge slice of the money in fees, and then they sold the tickets, sometimes selling the players' phone ticket numbers. Many victims also accused Down's companies of making unimportant charges on their credit cards, and if they ever did win something, they were persuaded to "invest" the funds. The entire scheme was illegal, violating U.S. antitrust laws.

U.S. postal inspectors have been investigating Down's activities since 1992. They learned that Down's companies avoided thousands of applications to the United States—the agencies by which, when the people wrote back, they developed sucker lists of people to phone. Typical of Down's victims is Lavonia Maier, a 66-year-old widow from Portland, Ore. In 1993, she won \$32 on Lucky 500, a Down's company that guaranteed her a \$10,000 lottery prize in 30 days. She didn't win. Instead, Down's telemarketers phoned, encouraging her to get involved in various other lottery schemes. As she sent in money, she was twice told she had won more than \$20,000, but never received a cent. The telemarketers convinced her to empty her bank account of \$150,000 in 1996, when she told them she had run up \$62,000 in credit-card debt playing their schemes, they finally left her alone. But she continued to be harassed by other lottery ticket sellers who had bought a sucker list with her name and phone number on it.

In early 1996, a grand jury in Seattle began to hear evidence against Down. A survey of 680 of his victims, including Maier, showed that their average age was 74, and that some had lost up to \$200,000. In July, 1996, the U.S. attorney asked Canadian authorities, under the Mutual Legal Assistance Treaty, to raid Down's Vancouver offices. The RCMP seized 72 boxes of business records and downloaded computer files detailing the extent of the lottery schemes, but Down's Cana-



Down and Wilkins are indicted tomorrow. (Photo Courtesy)

Three out of every five victims are seniors

dian lawyers successfully fought to have the evidence sealed. In August, the United States issued a secret warrant for Down's arrest, and in September the RCMP charged Down under a statute on foreign lottery sales. But U.S. attorneys—and the day after Down was publicly indicted in the United States—a British Columbia judge ruled that Canadian charges against Down would be dropped because the statute was "vague" and therefore unconstitutional.

In October, 1997, the RCMP tipped off U.S. investigators that Down was about to flee Canada to Barbados, a country that had indicated it would not extradite Down for financial crimes. While Down was on a western hunting trip that month, the RCMP arrested him in Saskatchewan at the request of U.S. authorities, who started extradition proceedings. But Down's lawyers managed to delay those, and in Aug. 19 of this year frustrated by the deaths of 36 elderly potential witnesses and the prospect of further delays, the U.S. attorney in Seattle entered into an agreement with Down under which he would plead guilty to conspiring to violate American anti-gambling laws.

The deal also calls for Down to forfeit \$18 million; investigators had seized at a Bellevue, Wash., house eight boxes, and spent six months in jail. "Justice is delayed in justice denied," said Peter Mueller, an assistant U.S. attorney in Seattle. "In exchange for a slight sentence of imprisonment, Down agreed to stop resisting extradition and to stop stringing this process out. The value of it to the United States is that our citizens will get a chance for some restitution—the victims will not be dead by the time we get Down out of Canada."

But the agreement does not sit well with some critics. "Six months—I could bill him and get away with it, I would," says Valerie MacLean, executive director of the Columbia River Business Bureau, whose Vancouver office has received hundreds of complaints from Americans duped by Down's companies. "It just makes me sick when I think of the people he has defrauded. I know he probably has 30 times the amount of money he destroyed to the victims of his crime for restitution."

ON THE TRAIL:
Quarant (above), heading a special telephone-fraud task force in Montreal that is the only police unit of its kind in Canada

Those who fall prey to telemarketing con artists are nothing but suckers—that, say experts, is the conventional, albeit misguided, wisdom. But Profanis suggests looking at these people through the prism of vulnerability. "Suppose I can make you so wealthy, you'll never be in a position to say of your relatives—would you like that?" he asks. "You can leave this earth with peace of mind and never be a burden—are you interested?" A good telemarketer, he explains, adapts to each situation. If the person called wants to feel superior, the telemarketer will treat them like kings. If the person feels lonely, the caller will take away their fears.

Studies show that three out of five victims are seniors. Experts say seniors have several traits fraud artists look for, among them: disposable income and accessibility (they are home to answer the phone). "When their loneliness, death of a spouse, or the fact they're depressed about something or just aging," says Sgt. Larry Elliott of Phonobusters, "people become particularly vulnerable to FD and older."

The most common trait among victims is an inability to hang up the phone—the need for human contact is often the key. "One telemarketer picked up on the fact that an elderly person wanted her grandchildren to visit more often," recalls Profanis, who has listened to hours of FBI tapes of fraudulent telemarketers at work. "He'd send her a present on her birthday or on a special occasion. He'd call her two days later and she would thank him. Then he'd say, 'What else did you go?'—knowing the answer would be nothing. When he needs money, he says that but won't be able to turn him down." That's one of the most risky ones. It attacks the intimacy of relationships.

As well, people want to believe they have been lucky. Dorothy Adair, an 85-year-old from suburban Chicago, was told she had won \$33 and



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SPECIAL REPORT

him in a courtroom, after he had had to pay a \$1.6-million fee because she was a U.S. resident. Within days Ades ended in shock and sent a cheque worth \$3,377,000 in Canadian funds. Over the following few months, she sent several other cheques, continuing to believe she had won. When investigators intervened, they had to repeatedly show her the facts before she would admit to being scammed. But it was too late to retrieve most of Ades's money—it had already been transferred from Toronto to a bank on a Caribbean island. In that case, Toronto police have charged Reed Nichols, 38, a former employee of Blair Down, with fraud (Nichols refused to comment when contacted by Maclean's). The Illinois attorney general has charged him with four counts of theft. Nichols is still in school and for November in Toronto.

Good odds that some victims, but there are always a few who are not. One of the newest victims approaching people who have been rejected for credit cards and bank loans. Victims are told that, for a processing fee, they too can get the credit card they've longed for. Alternatively, fraud artists offer loans to people who promise to pay the \$200 "service fees" up front. The fraudulent telemarketers, in this case known as "bottom feeders," take the money and are never heard from again.

Telemarketing goes across, like those perpetrated by Royal International Collections Inc. of Toronto, have also been hit. From 1995 to Jan. 22, 1997, when the RCMP raided its Yonge Street office, the company passed off, over the phone, low-grade rules, over-the-counter and American as real and valuable goods. According to records seized by police, the company says it earned \$50 million over a 30-year period. In July, the four accused, Alan Olcott, Allen Harshbarger, Daniel Branta and David Vengart, each pleaded guilty to a single count of fraud in the public interest. Harshbarger and Vengart were sentenced to a conditional sentence of two years and three years probation. Olcott, who controlled REC and earned close to \$1 million a year, will be sentenced on Oct. 30.

According to police, the lowest form of con artists participate in recovery schemes—they promise to track down and return money lost by victims to a few telemarketing fraud schemes. Crooks buy the stolen items and then call—pretending to be Canadian police, customs or tax investigators. They often assume the identities of real investigators known to be working on telemarketing fraud in a raid by Montreal's Project Call last month. Police found their own names listed by the people they were scamming. "We have a snapshot of telemarketing who would be \$500,000 from an 83-year-old lady," says Det. Loral. Serge-Daniel Boudreau of Montreal city police. "Later, they phoned the same woman to ask for \$250—they said they had found her money. Do you imagine what kind of people can do that?" In French he says a scammer is a "filé, disgusting." Regardless of the language, it's a scammer in which victims of telemarketing fraud can agree

with JOCF 9802/030V in Toronto

Two days in a boiler room

Maclean's correspondent Shanda Denzil spent two days at a Toronto telemarketing operation that fraudulently promises credit cards to Americans with bad credit ratings—for a "processing fee" of \$129 (U.S.). Her report

After five hours of dead-end calls, I finally get a live one. When Vernon Henderson Jr. answers his phone in Texas, I have finally found the kind of desperate person this operation targets. Henderson has bad credit rating, which means he has trouble getting credit cards. It takes me less than three minutes to pitch him a Visa card, convincing him that he actually needs the package I am offering. Although he had been told by the same kind of scam only three years ago, he readily agrees to give me his banking information so the company can take the processing fee straight from his account by electronic transfer. By the time I hang up with him, I'm suspecting 30-year-old scammer from Henderson, Tex., my co-workers and managers are aware of my success. They can congratulate me with knowing looks and give me how they get to get valuable Americans to part with their small savings. Everyone in the room knows there will be no credit card.

To get this telemarketing job, I called Direct Marketing Services, one of hundreds of companies that have found a lucrative business in phone scams, after reading an ad in The Toronto Star. DMS is located in downtown Toronto, on the fifth floor of a dirty, low-rent building. Twenty people of widely different backgrounds sit in a room, a large room with wood-paneled walls and cream-colored walls decorated with motivational posters. The windows, covered by torn vinyl curtains, let in only small patches of sunlight. The carpet is filthy. The floor of the room is the big board that looks like the floor of the miles in my job interview I am given a script setting out the credit card pitch. It doesn't matter to the manager that I have no experience, during a nine-minute audition she said I act out a call. She says she believes I finish the fine-print script and says, "That's fine—just checking if you can read." It is the same interview I have never experienced—the job that will turn out to be the hardest to stomach.

On my first day at work, I was handed the script and sheets of résumés—signs on how to respond to typical customer concerns. The manager training me says, "You will learn to put the script into your own words." Almost immediately, I understand what she means. Instead of writing what is described in the script—a package of credit card



A HARD JOE TO STOMACH: While telemarketers are lured by the money—about as desperate and vulnerable as the faceless, long-distance vic—they twist it.



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appliance, loans that insist on immediate acceptance—we do better by peddling an imaginary Visa card, with a credit limit of \$2,500 and a 4.9-percent interest rate. We also provide a pin number, which is always 1280. We are told to identify ourselves as senior officers with a company called Consumer Credit Services. We pass calls on to our managers whom we are having trouble closing a sale. We try to intimidate hesitant people who are wary of our legitimacy.

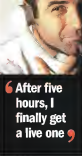
One successful tactic is to tell customers that you are following up on a card they applied for in the past. Everyone we phone has in fact done just that—DMS gets its customer list by acquiring the names of people who have unsuccessfully applied for credit cards. Although they were initially rejected, they are now told they are accepted and only need to pay a processing fee to receive their new card. I learn this from Louis, a street and former 25-year-old who markets in a mid-market fur over a year and has been at DMS for two months. When I ask for selling advice, he tells me: "This particular sale of credit cards is different from regular telemarketing when you usually have to beg people to buy your product." He then says without a touch of shame: "With this sale you have to take control, be the boss and just tell them that this is the process."

DMS salesmen who need money, undisciplined loans and others desperate for work. Within the first few hours of the shift, I see workers of varying skills get viciously creative in order to make sales. Tyrone, a physically intimidating young man, asks for an extra, uncontracted phone so he can use the keypad to simulate computer typing. He tells customers that he has their Visa card ready and is just doing the final approval. While going through the type on the keypad phone he says, "Hold while I process your card." At one point, he covers the microphone of his working phone, unable to hold in his laughter, and announces to the room, "I am such a liar."

One day in the room, managers snatched, laugh aloud: Tyrone is a top-seller, sometimes bagging 10 sales a day—the average is four—by stringing further from the script than anyone else. His familiar tone is typical of a successful sales. He behaves loudly, homebound women happy for any contact with the outside world. He dazzles them with descriptions of Toronto and Nevada sales. Once he is asked to take their money and brings up, he laughs at their glibness, his lying and casual misrepresentation is encouraged by the managers—and promised as a model to others.

Tyrone is not unique. He and the other workers are hired by the company—almost as desperate as their lawless victims. We make \$8 an hour plus bonuses. Supervisors prey on the vulnerability of their workers while teaching them to prey on the customers. The two managers—both women—praise those having a good day and yell out humiliating put-downs to those without a sale. We are pitted against each other in a competitive drive to cheat as many people as possible.

My second sale is just as easy as my first. After my initial pitch, Eric Milson of Tyler, Tex., admits he wants a Visa or a MasterCard. He is impressed by the fact that I promise to send him a package from which he is guaranteed a card that he will like. When it comes time to



"After five hours, I finally get a live one,"

discuss payment, he is extremely uneasy about giving his charge card account number over the phone. I pressure, using the tip from the rebuttal sheet. I assure him that American "Federal banking laws" permit a one-time-only withdrawal from his account. I tell him that our own DMS security office will call him, tape his information and play it back to him back in 30 days so we see that Milson's fears are unfounded, and he brings out his chargebook to read me his account number. Within an hour I get another sale—this without rushing. (Milson's has contacted and undertaken to compensate the three individuals.) With these successes on the board I am officially a part of the team, and the manager greets me to other operators and to the new applicants who are waiting to be interviewed.

After making the sale, calm and their targets never speak again. Flow and when the money is removed from bank accounts, what the customers are actually sent, who answers the customer service line and how complaints are handled remains in the hands of others. Workers are told that Paul and Lisa, the couple who stop in once a day, are at the helm of the operation. But according to police, DMS is part of a corporate structure called Consumer Credit Services, run by Lloyd Prudhomme and David Wells, who have been charged with fraud in both Canada and the United States.

Watson regional police and the RCMP carried out searches on three Ontario operations owned by Prudhomme and Wells on May 30. Police laid two charges against the corporation and seven individuals, including Prudhomme and Wells, for fraud over \$5,000 and conspiracy to commit fraud. The two men, who also were indicted by a Pittsburgh, Pa., grand jury on mail fraud charges in July, have not yet entered a plea to either case, their next scheduled court appearance is in Kitchener, Ont., on Oct. 28.

On my second day at work, in a room adjacent to the one we sell in, DMS begins to sell Canadian lottery tickets to Americans. Companies selling lottery tickets offer customers a chance to win a pool at other buyers, supposedly increasing their chances to win. The first auction sale \$50 each from 100 people, but buy only—at most—\$50 tickets at a dollar each, pocketing \$4,500. Some companies never buy any tickets. The scam is aimed primarily at the elderly and often draws in first-time bank accounts. Operators call the same customers over and over, making a personal connection while selling for ever-increasing amounts of money.

Only the best credit card seller, Jay, is asked to participate at DMS in this new enterprise. Jay is a tall, red-haired man who believes his cool attitude wins over most of his customers. When I express my discomfort with selling a product that does not exist, Jay says with assured confidence: "Money is not everything in this world." That attitude makes him perfect for the lottery scam: a sale so obviously fraudulent that even he says, "I keep wondering if we would even send them their winnings," and then laughs.

Ironically, I do not make any more sales and leave early on my last day. Telemarketing companies are used to high turnover—some new employees disappear during their first week. When I do not return the card morning, no one calls to ask why I know they will have so trouble filling my spot. □

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SPECIAL REPORT

Hiding behind the undefended border

Fraudulent telemarketing, especially the targeting of Americans by people hidden behind the security of the Canadian border, has been the subject of major exposés in *The New York Times*, *The Washington Post* and U.S. television news programs. Even President Bill Clinton raised the issue with Prime Minister Jean Chrétien in early 1997. Critics—American and Canadian—attack not only the Canadian justice system, but other institutions such as Bell Canada, Canada Post and Canadian banks for their unwilling-

ness to deal with it. A report last fall by a joint U.S.-Canada task force diplomatically asked both countries to reassess their laws, even though it was obviously Canada that was far behind in toughening its stance against fraudulent telemarketers.

For RCMP Staff Sgt. Lucien Quenail, head of Montreal-based Project Calk, a special police task force investigating telemarketing fraud, there is no doubt when police need the most cooperation from "Bell Canada," says Quenail. "If they cut the phone service, there's no more telemarketing fraud. It's not after Canada Post—any hide behind the law." But the law, in both cases, is clear: Canada Post can't stop the mails, and without a court order, phone companies can't withhold service if the client pays the bills. "Canada does not have the structure of consumer protection advocacy and law enforcement agencies that we do down here," said Charlie Donohoe, a New York state assistant attorney general. "Many U.S. states have provisions which say, 'If you are using the phone service for nefarious activities, that is a violation of terms and conditions, and we can pull the plug on you.'"

Critics say that Canadian institutions like the phone companies and Canada Post should be making more of an effort to have tougher laws put in place. Sure, like Quenail, argue that the phone companies in particular are in fact profiting from telemarketing fraud. Not only do telemarketers make millions of phone calls each year, they are also quick to purchase new technology such as call forwarding, voice mail and call blocking—all of which help criminals cheat police and victims who want to come after them. The only true Canadian phone companies investigate telemarketers, Quenail says, is to track down "dialers"—sales and reprogrammed cell phones.

But Stephanie Smith, in charge of fraud control for Senator the senator's group for the Canadian telephone industry, says the companies' hands are tied. "These are decisions that should be decided by the accountable organizations, like the government," she said. "We try to support, through public education and the ethical guidelines we set, that we're good corporate citizens. But we don't have the right to decide who is and isn't allowed to use the telephone." U.S. phone companies, on the other hand, do comply with requests from police and attorneys general

offices to shut down lines to known telemarketing boiler rooms.

Authorities in Canada have gotten some cooperation from private courier services like Parlatone and Federal Express. Since 1995, Montreal-area police have interrogated 530 address in cheques and money orders going to fraudulent telemarketers through private services. But the scam artists are now reaching to Priority Post or regular mail, both under the control of Canada Post, which says it has no legal authority to stop the use of mails for fraud. "Once mail is in the system, it is the property of the person it is addressed to," said spokesman John Collier. In contrast, the U.S. Postal Service enforces a long history of laws against misuse of the postal system, and a network of postal inspectors who are all too happy to intercept mail going to known con artists.

U.S. banks are also more active in confronting fraud, experts say, although their Canadian counterparts have taken some action. When banks discover that lottery-ticket telemarketers, for example, are using accounts to handle payments from victims' credit cards, these accounts are cut off. Still, some scams successfully use fronts—stores and restaurants among them—to handle credit card charges.

Others have introduced new laws that will help deal with telemarketers. Bill C-40 will streamline the extradition process—many telemarketers are being sought by U.S. authorities—while Bill C-30 will amend the Competition Act to make it illegal to, among other things, ask for money up front for a prize and increase sentences for those targeting vulnerable individuals such as the elderly. Valerie MacLennan of the T.C. Better Business Bureau says the amendments look good on paper, but they are "useless" in the hands of competition bureau investigators, only 30 of whom across Canada are dedicated to investigating fraud. She would

prefer toughening the proceeds-of-crime laws to give the RCMP power to "go after the assets these criminals have hidden offshore." Through provincial legislation, British Columbia has made the most determined effort to strike at telemarketing fraud. Provincial Attorney General Ujjal Dosanjh has backed up tough talk by using the powers in the B.C. Trade Practices Act to shut down two large lottery schemes—Pacific Rim Foods International and Paul Reed Securities—in a project with the U.S. Federal Trade Commission and State of Washington. In Ontario, the ministry of consumer and commercial relations has laid more than 1,000 charges against advance fee loan brokers since January 1995. The province has shut 43 telemarketing boiler rooms, but as the past task force report noted: "Such schemes are difficult to shut down completely without all key members are identified, caught, convicted, incarcerated or negotiated and stripped of their illegal gains." So far, there are few signs of that happening.

JOHN NICOL, with Shantia Isaac and Joel Ferguson in Toronto



STYLING: JANE BROWN



Ascending the mountain, Sing (below) a Vancouver phenomenon

Reaching for the top

BY JENNIFER HUNTER

In the middle of the afternoon on a rain-be-drenched Sunday, Mae Sing began to climb Grouse Mountain. She pulled on a T-shirt and bicycle shorts, laced up her hiking boots, replenished her water bottle and drove the 30 km from her condominium in midtown Vancouver to the mountain at the crest of North Vancouver. Once there, Sing headed purposefully towards a hidden trail called the Grouse Grind, a hike ascending 823 gasping metres to the peak at a 30-degree angle, about one-and-a-half hours the height of the CN Tower in Toronto. Sing, 34, began at a brisk pace—she usually takes it to the top in 55 minutes, well under the hour and a half it takes the average climber. But within minutes, a man in fluorescent lime-green shorts ran past her, perhaps aiming to beat the record time up the mountain 27 minutes and 19 seconds. His speed did not seem to be slowed by the dozens of other Grouse Grinders on the path that day.

Over the past three years, the Grouse Grind has become a Vancouver phenomenon. Last year, more than 100,000 people pulled and pushed their way up. Vancouverians, Vancouver Grind hikers and one stars such as Alvin Silverstone and Tom Arnold all joined local climbers in their efforts to scale the mountain, climb be-

ing over the logs and the granite rocks used to construct the path to the top. "This is an image," says Stuart McLaughlin, president of Grouse Mountain Resorts, which owns land on top of the mountain and operates restaurants, a bar and tram ride at the peak. "There is nothing like it when you're climbing the Matterhorn in the Alps."

Sing, a manager at the Certified General Accountants' Association, says she first attempted the Grind after she sprained her ankle and wanted to find an exercise regime to strengthen it. "I had no idea what to expect," she recalls. "I wasn't in very good shape and about a quarter of the way up I was breathing so hard I sounded like Darth Vader." The first trip took her an hour and 45 minutes. "I was exhausted," she says. "I had never ascended so much in my entire life. But going back in the train I felt an incredible sense of accomplishment." Soon, Sing was going up the mountain twice a week and getting there faster each time. In fact, during the summer, first-week events have become a bit of a staple since so many Grouse, with hundreds of climbers in their 30s and 40s heading there straight after work. "It's become a big social thing," she announced. Sing explains, adding she often meets her friends at the base of the mountain at 11 p.m. "The first one to the top waves a bible at the bar."

Interpret Vancouverians have been climbing Grouse Mountain since

the first recorded hike was made in 1884, after a hunting party shot a blue grouse and carried the peak in honor of the bird. In the 1960s and 1970s, hikers would climb up Grouse for slings. A wooden chairlift was built in 1974 and the train arrived in the 1980s, but most hikers still insisted on climbing to the top. In 1981, psychiatrist Philip Severy and his friend Don McPherson, a City of Vancouver engineer, created their own path, cutting away deadfall and clearing rocks to the summit of Grouse, the path that eventually became the Grind. Both men are serious mountaineers and wanted a route to practice their climbing skills. "Some times, we'd go up in rain or two or three times a day," Severy recalls. Soon, after Vancouverians discovered the Severy-McPherson trail and in the mid 1990s the town, with the support of Grouse Mountain Resorts, began to improve their route so it would better resist erosion and ensure hikers' footfalls. Now, the 13-kilometre path—which has so many steep it seems like an amateur's StairMaster—is maintained by the Grouse Grind Patrol, three Grouse Mountain Resorts employees who are responsible for keeping it safe and avoiding injured or lost hikers. Severy, now 58 and trades up the trail once a week, in addition to his other climbs, and says he is "delighted" to see so many people using it.

And it is used—all year round, by all sorts of Vancouverians. Even though the cold rain and snow there are hikers like Gordon Forbes, 35, who takes a headlamp across his forehead and makes his way up the Grind in the winter dark. Two years ago, a 69-year-old woman made the climb in less than three hours, and then asked what the fuss was about. She had already done it once before—71 years ago. But the climb can be dangerous for people who are not physically fit—in 1986, a 65-year-old man had a fatal coronary bypass in 1986, a 65-year-old man had a fatal coronary bypass in 1986, a 65-year-old man had a fatal coronary bypass in 1986. Last year, the Grouse Grind Patrol had to help another 30 who had either hurt themselves or been caught by nightfall. Most people take a counter-clockwise approach to the day-afternoon peak, where they are simply guided to the top at whatever pace, and take the train ride back down. But sometimes the challenge of the Grind seems to encourage the masochists. "There was a group who recently tried to do the Grind 11 times in a row," says McLaughlin. "That's like climbing Mount Everest."

Newcomers in Vancouver are also seduced by the lure of

Grouse, and the challenge high they achieve from conquering its summit. Almost Kassam, 45, moved to North Vancouver from his home in Nairobi five years ago. In Kenya, it was not safe to exercise outdoors. "There is no exercise in the streets," he says. So Kassam arrived in British Columbia and breathed in the freedom. He began to do and take walks along the annual. Last year, he hired 66-year-old contractor Steve Thierlein to do some renovations on his house. Thierlein said he would take the job since Kassam lived near Grouse Mountain. "I had never heard of the Grouse Grind before and I was interested to see what it was like," Thierlein said. In the mountains, "I found it very challenging. I finally did it and Steve and he'd been doing it for over 20 years." Kassam persuaded Thierlein to invite him into the mysteries of the Grind. "I realized after the first five minutes that I wouldn't be able to keep up with him," Kassam acknowledges. "He kept stopping and waiting for me and about halfway up he said he would meet me at the top. I got there in an hour and a half. It took him only 45 minutes." Kassam is now a Grind regular, taking up a week. He and his 17-year-old son, Riley, once participated with 1,000 hikers in the yearly race up the mountain, finishing the punishing course in 55 minutes. "After a few days, I haven't done the Grind. I can feel my body wanting to do it," he says.

Some longtime Grinders, however, say the magic of the climb has been spoiled by the increasing traffic of hikers on the route. "When I started hiking the mountain," says 59-year-old Michelle Gibson, who has been climbing Grouse since she was 15, "it was a quiet and a couple of guys in leather chaps." Following an old clear-cut route under the chairlift, Gibson went up Grouse regularly. "It became a cleansing, spiritual experience for me. The sweat and the breathing and the concentration required to complete the hike transported me. It was like a communion with the mountains." She would hear the owls at dusk and pick mushrooms in the summer. She also found Grouse to be the best of all worlds. "I was never able to get serious about a guy but I have to be able to hike up Grouse. Other women looked for lost and found their friends. I looked for good legs." After Severy and McPherson rebuilt their path, Gibson began using it, too, later stripping her baby daughter to her back and occasionally hiking in snow with a golf club as a pole. But today, she despises the erosion and the disrespect shown by those who choose to climb down the route, rather than take the recommended train to the bottom. "It's become so busy that it's dangerous," Gibson raves. "But this isn't equipment at Fitness World. This is something that is alive."

Severy and McPherson designed their trail only for ascending, and McLaughlin acknowledges that these descending hikers broke the path and create dangers for those climbing up. "Going down the trail is the most irresponsible thing people can do," McLaughlin says. The resort has posted signs encouraging hikers to take the train or an alternative path down built by a B.C. mountaineering club. But, McLaughlin concludes with a shrug, "you're always going to find people who want an amazing down."

Joining the train to the bottom of Grouse used to be free, but the fee is now \$5. McLaughlin says that money is used to maintain the Grouse Grind. Still, however, the Grind brings in lots of other revenue for his company before hikers descend on the train they usually make atop at Bay 98. That is where Marilyn Sing headed after her Sunday after noon climb—for a cool beer to celebrate her personal success. □



Ready for the election call

A pivotal Quebec vote looms this fall

Lucien Bouchard may be firing of the question. At his public appearances—and there have been plenty lately—he has been plagued by queries about when he plans to call a provincial election. Coy and occasionally curt, Bouchard has insisted that his options remain open. But by Oct. 8, at the opening of a special two-day Parti Québécois caucus meeting, Bouchard and his MLAs were making little effort to hide signs of an electoral machine kicking into high gear. A playful Bouchard finally acknowledged that he was being driven to a full vote. "I'm tempted," he said with a grin. "But serious men know how to resist temptation." He may not hold off much longer. Bouchard, who was expecting the results of more opinion polls, promised to tell Quebecers that week whether they are headed in the polls this year—perhaps on Nov. 30. And if, as expected, Bouchard does call an election, under new rules the campaign will be the shortest in Quebec history—between 20 and 25 days, compared with almost two months for previous years.

It will also be among the most closely watched campaigns in the province's history. With the PQ not ruling out another referendum if the party is re-elected, the vote will be a pivotal one that could determine the political fate of Bouchard, Liberal leader Jean Charest—and the century. Last week, the



Charest or Bouchard: His recent economic statement shows him steering the Liberals to the right

poll also shows a rising level of satisfaction for the PQ government. "The one who needs to prove himself more is Charest," contends Alain G. Gagnon, director of McGill University's Quebec studies program.

Charest's intention to do a new political party has been murky. His decision to bring some liberal forces into his government, including retired bankers and some pundits accuse Charest of being inept. During the summer—and too vague on policy issues. His new party's recent economic statement shows Charest steering the Liberals to the right by proposing reduced role for the state in the economy, deregulation and tax cuts. But cutting back government participation in the life of the province may not be popular. Among Canadians, Quebecers "are the least open-

ness. The poll also shows a rising level of satisfaction for the PQ government. "The one who needs to prove himself more is Charest," contends Alain G. Gagnon, director of McGill University's Quebec studies program.

posed to state intervention," notes Claude Gauthier, a vice-president of national polling and market research firm CROP Inc. But Lib-eralists believe their message resonates with Quebecers between 25 and 35—a group the party makes no bones about targeting. Charest has clearly ignited new life into the Liberals. Less than a year ago, the PQ seemed poised to unravel over them in a spring election. Now, Liberal membership has doubled from 60,000 to 125,000. The party has been trying to lure high-profile candidates—among the names floated is writer Roch Carrier. Some observers contend that Charest needs to demonstrate he would be a better defender of Quebec's interests on the federal scene than Bouchard in order to win the soft nationalists who often deride Quebec elections. So far, Charest has not tied on the constitutional front, focusing instead on broad-based issues such as the economy. "He seems unable to reverse the government's influence over francophone Quebecers," says Gagnon. "This is where he needs to score points."



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Bouchard, coy and curt

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big and possibly even shows a fairly high level of satisfaction—about 50 per cent—with the Bouchard government. Its recent speech to party members is any hint, Bouchard will present the PQ as prudent managers of Quebec's finances and economy and the Liberals as fiscal bunglers.

The Liberals don't contest Bouchard's popularity—not have they forgotten his dazzling performance in the 1995 referendum when he single-handedly turned around the floundering sovereigntist campaign and brought it close to victory. "The challenge," says one senior Liberal, "is to make sure that people concentrate on who is governing and what they are doing as opposed to turning it into a personal contest." Liberals contend that opinion polls show cracks in the PQ's support. Probe a little deeper on specific issues like the government's handling of the economy, the healthcare system and education, the Liberals argue, and sovereigntism is in danger. A gifted campaigner himself, Charvet has scored on these aspects in speeches, and blames the threat of opposition as a key reason for Quebec's lagging economic performance.

Charvet, too, has obstacles to overcome. The English rights lobby group Alliance Quebec announced plans last week for a series of court challenges to Quebec's language laws. That follows the group's recent pressure campaign to prevent Charvet's post-term English squire Bill Johnson, Alliance Quebec's controversial new president, abruptly cancelled that protest campaign at the beginning of the month (scores of anglophones had complained that the PQ might block the issue during an election campaign). According to the group's chairman, Harold Charney, many anglophones Quebecers feel the majority is to make sure Bouchard is defeated, "because since he's re-elected, we're back into the referendum game."

Given Quebec's referendum fatigue, some observers believe that the PQ's insured position on the issue will help them at the polls. A recently adopted party resolution calls for a referendum in the next mandate—but only if "winning conditions" exist. Some politicians don't expect that issue to be a deciding factor for many voters. "When francophones vote in an election, they want to vote for the best government," insists Jacques St-John, while also advising the government on other fronts, the Liberals plan to do more in the referendum drive. "The PQ will talk about it as little as possible," predicts Liberal caucus chairman Jacques Chénouard "and we'll talk about it as much as possible." If the PQ is re-elected, some observers expect Bouchard will be able to control the referendum agenda.

But more militant members of the party are bound to try to pin down the premier—perhaps as early as the PQ's policy convention next year—on calling a referendum vote. Liberals and journalists can only hope that discussion proves moot.

BRENDA SPAINSWELL in Montreal

Bruce Wallace



Rewriting the past

As long as there are historians willing to tackle the subject, a politician's legacy is pretty well always conserved, albeit in a slightly less prestigious way. As a politician, once lightly opposed, has soared in the past few years. His pragmatic "backstop-to-back" stewardship of the early Cold War years is now hailed as a hallmark of low-key leadership—perhaps something of the way Jean Chrétien is seen to be remembered (without the ironic barbs). But most politicians are unwilling to wait for future generations to fix their place in history. The business of winning their reputations and justifying their role in the historical record is a job they prefer to handle themselves, while still in the world. The best example may have been Richard Nixon, who devoted the end of his life—with some success—to re-doing Watergate to just one incident among many in a long career. It may also explain why Joe Clark is still running for office.

The legacies of other Canadian prime ministers are also in play this fall. Three new biographies of Pierre Trudeau offer yet another tour through his philosophy and policies. Trudeau's *Shadows* is a collection of mostly laudatory essays on elements of the former prime minister's career. Paddling with the *Current* magazine has impact as a Canadian liberalizing force and to an already-begging Trudeau Library. But *The Essential Trudeau*, a compilation of selections from Trudeau's own writings along with some of his latest thoughts comparing Quebec's current intellectual climate to that of the *Minutemen* Duponts, is also a little book for *liberalism*, checked off advice to would-be leaders and a warning that Quebec is slipping into "a new version of depression in the fear and cowardly enervated by the nationalists." Its release was a reminder in these supposedly apolitical times that—whether you agree with Trudeau or not—there is always a market for ideas.

In his introduction to *The Essential Trudeau*, editor Ron Graham makes the point, if somewhat rich, that Trudeau is not "obsessed by his place in history." Not so the other subject at one of this fall's most publicized political books. Author William

Soplin says that throughout his incoherent time into the infamous Airbus affair, former prime minister Brian Mulroney was "quite concerned about his place in history. He used the term more than once with me." Presumed *Gazette* clearly considers Mulroney at this wrongdoer in Air Canada's purchase of Airbus planes, portraying him apologetically as the victim of an odious journalist and police witch-hunt (though it shows short of lying back for instigating the whole affair at Charvet's door, who in the Mulroney campaign recently believes it should be). But it is an important first step for Mulroney in polishing his reputation.

After orchestrating the embarrassing, self-congratulatory videorecording film to himself at the 1990 Tory leadership convention, Mulroney has taken the other tack of going to ground and letting others speak—however subtly—in defence of his record. His rehabilitation with the Canadian public will not be a quick fix. It will take some time before Canadians are ready to listen to an older politician's lecture from Mulroney on, say, the fate of the global economy. But this fall may mark the moment where at least he is no longer forced to insist he is not a crook.

But the books underscore the stark contrast between the two sides of history: the prime minister's chair for most of the past quarter-century Mulroney was a transactional politician, in love with the art of the deal. His place in Canadian history may ultimately come down to how those deals are judged: whether he got good results for Canada in his first free trade agreement, whether he was too cavalier in announcing federal debt, whether the failure of the Meech Lake accord was a constitutional opportunity missed or a blunder dodged.

Trudeau, on the other hand, may escape being defined by his specific policies, as matter how controversial some were. The secret of his enduring fascination is that he was one of those exceptional leaders who was unafraid to bring ideas into politics, to show there can be an ethical component to public life. In these intellectually barren times, it is his telling lesson to these politicians who aspire to be remembered well.



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Canada NOTES

FINAL MINUTES

The Transportation Safety Board said that the information pilot aboard Sennar Flight 111, disassembled and other operations that took place in succession over a 90-second period prior to the crash of the MD-11 jet off Nova Scotia last month. ABC television, meanwhile, reported details of the final minutes, including crew picking up unfinished meals by flashlight in a darkened cabin while an emergency landing was being planned.

THE NEW EXPOS?

The Montreal Expos owners, trying to keep the baseball team in the city, ousted president Claude Brochu, who had been leading the team's fundraising bid to build a lavish downtown ball park. Expos chairman, Jacques Meunier, said the team is looking up to \$100 million in new capital and will scuffle back to stadium plans. "We are totally committed to seeing baseball succeed in this city," Meunier said.

UNITED IN PARLIAMENT

Federal opposition parties said they would use all possible tactics to stop the Liberal government from amending legislation and passing unrelated legislation to the accumulated surplus of the employment insurance fund—expected to reach \$20 billion this year.

SICK KIDS DISPUTE

Physicians at The Hospital for Sick Children in Toronto said an external inquiry into drug resistance at the centre is neither independent nor open. The hospital agreed last month to an independent investigation of a dispute, over the release of negative test results, between Dr. Nancy Oliver and drug manufacturer Apolone. Last week, doctors, led by Dr. Arnold Harkness, who is conducting the inquiry, reportedly based because Apolone donated money to the University of Manitoba while Harkness was vice-chancellor.

THE WINNIPEG BLUES

Winnipeg police Chief David Cassella accused the city's doctors of colluding with police officers. In a recent protest over the suspension of a fellow officer, 167 constables looked off work for one day with what has come to be known as the "blue flu." Cassella threatened to dock officers if a day's pay unless they could come up with a doctor's note—which 81 officers promptly did.



SAYING GOODBYE: Military personnel at CFB Greenwood in Nova Scotia carry the coffin of one of six servicemen killed on Oct. 3 when their Liberator helicopter crashed in Quebec's Gaspé region. Some 2,600 mourners gathered at the base for the funeral of the six men, five of whom were married with children. The cause of the crash of the more than 30-year-old craft remains under investigation.

"If Mother Nature takes an aircraft out, you can accept that because you know how strong she can be," said Sgt. Ronald O'Reilly from CFB Comox, B.C., who attended the service. "But when it's an unexpected event, it really shakes everyone up."

The Tories weigh their options

As the federal Progressive Conservative party meets on Oct. 24 for its last meeting, there are more signs that provincial western Tories are leaning towards joining forces with Prime Minister's Reform party to create a so-called united alternative. Proponents favor the alliance as a means of avoiding vote splits between Reform and Tories and assuaging the governing Liberals. Jake Ego, a senior minister in former prime minister Brian Mulroney's cabinet, was one of about 50 Tories who gathered in Calgary recently to hear Cliff Fyfe, Manning's chief of staff, try to sell the idea of an alliance. "My view is that we cannot

foreclose any options," Ego said. Whichever was the Tory leadership will have to weigh that choice. Last week, the party announced that, even after reformation driven by the free camps, its total membership was only about 80,000—less than former Tory leader Jean Chrétien's Liberals in Quebec. The Hugh Segal camp says it started up 20,000 members and calculations that Brian Palmer, Michael Fortier and David Orchard condensed resulted a similar total. If Clark recruited around 30,000, as some observers believe, then a first ballot victory is unlikely. That would prompt a second vote on Nov. 14.

New measures for Canadian magazines

Heritage Minister Sheila Copps introduced legislation that will impose fees of up to \$250,000 on so-called spyline magazines—foreign publications that make life or no change in their original content in issues sold in Canada, but carry Canadian advertising aimed primarily at the domestic market. The

bill allows foreign publications such as Time Canada, which have historically sold advertising in Canadian editions, to continue without penalty. The measure is a response to the World Trade Organization's 1997 ruling that Canada's excise taxes and customs tariffs on spyline publications contravene and WTO rules.



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'In the hands of God'

Hispanic refuses to be ignored in House 1941 of the Rayburn House Office Building, just steps from the U.S. Capitol. Portmanteau semi-looking old men—cane chairmen of the House of Representatives judiciary committee—stare down from the walls. Among them is Peter Griffin, the man who presided as the very same men over impeachment. He is a great-grandson of Richard Nixon in 1974. So no surprise that work that members of the committee, gathering a quarter-century later to consider impeaching another and very different president, had history firmly in mind. They evoked the Founding Fathers of the American republic—James Madison, Alexander Hamilton, Benjamin Franklin—and three in Abraham Lincoln, Theodore Roosevelt and John Kennedy for good measure. They cited Rodin himself at length, elevating him to the status of constitutional aside. And when they sat out of politeness, they quoted the Bible: their children, Lewis Carroll and Tom Berni. This they were clearly saying, as serious staff.

And so it was. First, the committee members in Room 3141 voted on straight party lines to recommend a formal independent inquiry against President Bill Clinton—41 Republicans for all 36 Democrats against. Then, three days later, the full House of Representatives gave the go-ahead for an inquiry in a debate that was no less replete with references to history and only slightly less partisan. All 227 Republicans present voted for it, along with 20 Democrats who crossed party lines to support an investigation of their leader: the other 178 Democrats stood against the open-ended inquiry recommended by the Republicans—all but the supported a more limited process. It was, congressional civility reminded each other, only the third time in American history that a president has been so charged. For Clinton, it was a very bad day in a year of bad days. His life, he acknowledged, was out of his control—and "ultimately in the hands of God."

More immediately, it was in the hands of the 37 members of the House judiciary committee. The resolution passed by the full House states in magisterial language that the committee "is authorized and directed to investigate fully and completely whether sufficient grounds exist for the House of Representatives to exercise its constitutional power to impeach William Jefferson Clinton, President of the United States of America." Aside from the name, the words are identical to those adopted by the House in February 1974, when it gave the go-ahead for an impeachment investigation against Nixon—leading to his resignation six months later as a result of the Watergate scandal. Republicans insisted on following the precedent



established during the Watergate inquiry: an open-ended investigation with no fixed time limit. Democrats argued unconstitutionality for an inquiry to closed solely on allegations arising out of Clinton's office; after with Monica Lewinsky, with a deadline of Dec. 31 to finish hearings and make recommendations. Without it, they argued, the inquiry could drag on for months.

That is an unappealing prospect for both sides. Democrats do not want the President's loyalty at risk constantly at the forefront of public attention, embarrassing them and drawing attention from their political priorities. And while many Republicans rebuff Clinton's denials, they know public opinion may well turn sharply against them if they are seen to be dragging out the affair for partisan purposes. The committee's Republican chairman, Illinois congressman Henry Hyde, refused to accept a deadline, but told the House that he, too, wants to finish his investigation by the end of the year. Hyde has not said publicly whether he did not look forward to yet another round of wallowing in the sex and lies involving the President and Lewinsky. "It's an unenviable, miserable, rotten duty," said Hyde. "But we have to do it."

Concerns and reasonable it may be, but the committee's work began immediately after the vote. Until the midterms congressional elections on Nov. 3, it will work mainly in private—deciding when and how to hold public hearings, and who should be summoned to testify. Both Republicans and Democrats have the right to call witnesses. And though neither side has announced its strategy, some congressmen have made clear how they would like to use hearings, expected to begin soon after Nov. 3.

They won't be needed to collect more facts. Independent counsel Kenneth Starr, who had a grand jury investigation of how Clinton conducted an affair with Lewinsky in the White House and then lied to cover it up, said that he sent 200 pages of pages to Congress backing up his contention that the President committed 15 offenses that might justify impeaching him—including perjury and obstructions of justice. (The judiciary committee's chief counsel, David Schippers, issued a report last week saying Clinton may in fact have committed 15 offenses.) But both sides would use hearings for political as well as legal advantages. Democrats are eager to achieve Starr's mandate, whom they point out as a Republican partisan on a watch-bird against Clinton. They look forward to grilling him about his links with conservative causes, how he went from investigating the Whitewater land deal to delving into the President's sex life, and whether his office leaked information damaging to Clinton.

Republicans, in turn, say they might well summon such figures as

judiciary committee chairman Hyde (far right) confers with Republican colleagues. Clinton (opposite) is pending debate on whether to call Lewinsky to testify



Clinton's impeachment fate may also rest with voters

Bruce Lindsey, one of the President's closest advisers, is under more deeply into what went on at the White House as Clinton conducted his liaison with Lewinsky than had about the affair and encouraged his aides to spend months fighting the allegations. Both sides will have to decide whether they want to call on coaxed figures like Vernon Jordan, the President's friend who helped Lewinsky deal a job, and Betty Currie, Clinton's secretary. And, most sensationally, whether they want to force Lewinsky to retell in public the stories of what she told the Oval Office that she shared for Starr's grand jury—just whether they want to call Clinton himself. Republicans and Democrats alike say they want to finish the inquiry quickly and move on—but once hearings get under way they could take on a life of their own. "It feels like it's out of control," Connecticut Republican Chris Shays told reporters after the vote. "Everything's set in motion, and I don't know how you put a back in the box."

Much will be determined by the outcome of the Nov. 3 election. If Republicans win—taking more than 150 of 20 seats in the House and four or five in the Senate—they may well take it as a mandate to move harder against Clinton. If their gains are smaller, eight or 10 House seats and two or three in the Senate, they may back off and eventually accept some form of punishment for the President short of removing him from office. Clinton, far from passively accepting that his life is in the hands of God, is coaching heavily on a strong Democratic showing to face down his opponents. With the scandal fading over him, he has made few public appearances for his party's candidates. But he is doing what he does best: raising money for Democrats. As of last week, he had attracted 32 lead ratings events this year—compared with just two cabinet meetings.

The election, too, loomed large for Democrats as they voted last week. All but three of the Clinton aide lobbyists, who opposed any inquiry into his behavior, supported at least a restricted investigation. Most

of the 31 Democrats who went further and backed the Republican inquiry were so-called Third Days—congressmen with moral objections to Clinton's going on. The others have close re-election races and wanted to cover themselves against Republican attacks. But the total of 31 defections was far fewer than the 50 or more that had been widely predicted—and small enough for the White House to continue playing the inquiry as partisan.

Partisan or not, there are few indications that it will change many minds. Last week's debates underlined yet again how feelings about the Lewinsky affair have settled along party and ideological lines. It's about sex, say those sympathetic to Clinton. Robert Weiler, a Democrat from Florida, told the House last week. "The President betrayed his wife. He did not betray his country. God help this nation if we fail to recognize the difference." No, say the President's opponents, it's about lying under oath, subverting the justice system and obstructing justice.

Even history, as often invoked by congressmen, provides little but extra ammunition for well-worn arguments. As they sat in the Rayburn Building room where Nixon's life was raged in 1974, Watergate itself was just another battleground. John Cederberg of Michigan, the senior Democrat on the judiciary committee, and finally of the Lewinsky matter. "This is not Watergate. This is an extraordinary affair," Hyde made the Republican point. "This is not about sexual misconduct any more than Watergate was about a third-rate burglary. It was about the reaction of the chief executive to that event." The point, a turn out, should only a fairly long on the list of other things than to illustrate that Nixon's famous decision that history repeats itself—coming the first time as tragedy, the second time as farce. Members of Congress armed themselves with rhetoric suitable for the tragedy of Watergate, but found themselves instead grappling with the force of Bill and Monica's dream. □



ANDREW PHILLIPS

IN WASHINGTON



Ethnic Albanians charged in central Kosovo: fears of revenge attacks

air strikes appeared closer than ever. U.S. envoy Richard Holbrooke warned Milosevic that he must withdraw his forces from Kosovo immediately. "NATO continues intensifying and planning its preparations for action," Holbrooke said during a break in negotiations in the Yugoslav capital of Belgrade. "And we're continuing and intensifying diplomatic action to see if that's going to be necessary or not." If it is, Western diplomats expected NATO to strike its final decision this week.

That decision is bound to be controversial. Russia and China both opposed an attack. War was it certain how a military scenario would unfold. In London, British Foreign Secretary Robin Cook said NATO plans involve possible "successive co-ordinated attacks" against Yugoslavians, not just one air strike. But French Foreign Minister Hubert Vedrine said an initial strike would not be on a large scale and would be followed by a pause for further negotiations. Canada's Lloyd Axworthy insisted that despite such apparent disagreements, NATO is resolved to act. "It is compelling that there truly is a broad consensus," the foreign affairs minister told *Mirror*'s "People are disgusted and want to take some action."

One thing is clear: threats of retaliation made by Milosevic and his supporters are being taken seriously. Most Western embassies in Belgrade have evacuated family members and non-essential staff to Hungary, 400 km away. A skeleton staff was still running the Canadian Embassy last week, but Ottawa was prepared to shut it down altogether if necessary. The foreign minister took place of an Serbian Deputy Prime Minister Vukoslav Seselj called diplomats from Western countries "spies and saboteurs" and warned they would not be protected by diplomatic conventions should NATO launch air strikes. "These are very serious threats involving as they do in a very powerful position in the Serbian government," said Canadian ambassador Rodolphe Girard. "You can't simply dismiss this as a threat."

Still, many Albanian refugees say they fear air strikes to relieve their plight and force their Serbian persecutors to back off from their offensives. "I think our only hope is NATO," said Milutin Muzurica, the 37-year-old head of 17 family members living in a room around a small tent. "The NLA has too much to confront the Serbs. All our fighters can do is try to prevent massacres from happening." That, too, was the challenge for the West.

BARBARA WICKENS with LARRY FENNER
in Ottawa and PHILIP SHUCKER in Belgrade

WORLD YUGOSLAVIA

Waiting for NATO

Refugees face new woes as the Kosovo crisis deepens

For thousands of ethnic Albanian refugees trapped in the hills above Malisevic in central Kosovo, there was little relief from suffering. In the tiny village of Pajunara, a mile and a half from the French-organized District Without Borders was the only source of health care for hundreds of women and children living up outside last week. "We need a permanent clinic to treat injuries and diseases," said Shqipëri Pajunara, a local medical administrator working with the French volunteers. As Pajunara spoke, two independent ethnic Albanian guerrilla fighters entered the clinic. Within half a month of fighting Serbian forces, the two acknowledged that the separatist Kosovo Liberation Army is unable to defend the civilian population that gives them food and sustenance. "Whenever we find a house in the Serbian forces, they take their revenge on the civilians," said one, who was visibly angry over recent reports of Albanian women and children being slaughtered.

As NATO last week intensified its threats of punishment against Yugoslav President Slobodan Milosevic, Albanians and Western observers feared that even a limited assault would bring more revenge attacks by Serbian forces. "We see paramilitary units all ready going up for strikes against Western embassies and refugees," said one U.S. observer. Yet even many refugees saw few options left in the struggle to bring some relief of

respite to Serbia's bloodied southern province. The Albanians, who outnumber Serbs 10 to 1 in Kosovo, began fleeing their homes seven months ago after Milosevic vowed to put down the Kosovo independence movement. According to UN officials, there are now as many as 200,000 refugees in Kosovo, while an estimated 1,500 civilians have been killed. Throughout, Milosevic, an authoritarian usually able to whip his countrymen into a patriotic fervor, has repeatedly leveled the West's resolve to intervene—aware that the West did not want to see an independent Kosovo. But the standoff intensified after Serbian security forces crushed a summer rebellion by the NLA with the kind of brutality not witnessed in Europe since the war in Bosnia, when war had led in 1995 with the help of NATO air strikes.

In early October, with the NLA in disarray, the UN Security Council demanded that the army return to barracks. Some units did, but the reign of terror was far from over. "Despite a Yugoslav army pullback, there are still Serbian military and police positions throughout Kosovo and there has been no significant reduction," Gavin Buchan, a Canadian diplomat attached to the 30-member multinational Kosovo Diplomatic Observer Mission, told *Mirror*'s. "Displaced persons are understandably reluctant to return to places where the police forces are in occupation."

As a result, NATO's threatened missile and



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with vacation living spots, luxury fabrics and establish-famous party rooms. The \$2.2-billion complex will involve 16-site replicas of parts of Venice's St. Mark's Square, the Doge's Palace and canals lined by shopping-galade gondolas. From the second-story balconies, guests will look out through Byzantine architectural portals onto a meticulously rendered Italian city, complete with a lace campanile and a gondola-filled lagoon—as well as the tropical reefs across the street, at the main Mirage casino. "That's Vegas!" enthuses Bradley Stone, executive vice president of Las Vegas Sands, Inc., the Venetian's developer.

Through five acquisitions from the Venetian or Bellagio, Hilton Hotels Corp.'s Flamingo Las Vegas will seek to lure more affluent visitors with its all-French restaurants and boutiques. So, too, will Circus Circus Enterprises Inc.'s 43-room Mandalay Bay, which will include a five-story "hotel-within-a-hotel" run by the exclusive, four-to-five-hour Seasons chain. The city-themed Venetian and Flamingo already aim to match the success of New York, New York, a \$750-million mid-Manhattan sleepover complex that opened in early 1993. But all the grandiose new projects signal a definitive turning away from the much-lambasted efforts to make Las Vegas into a family-friendly day party—efforts that largely flopped. Though the numbers have risen, visitors under 21 never received more than 11.9 percent of the total. As a result, several hosts have begun quietly shedding their kids' attractions such as amusement parks and video arcades. "Children will be discouraged at Bellagio," promises Feldman. "A casino is no place for a child."

Instead of families, the new casinos are looking for older, more affluent guests. But there may not be enough to go around. The Asian financial crisis is prompting many high rollers from Japan, Hong Kong and elsewhere to cut back on their gambling. That has already knocked millions off the bottom lines of many of the major casinos—the most numerous foreign visitors to Las Vegas are Canadian—according to 45 per cent of total material air arrivals last year, when 1.8 million flew in—but the embattled hotels may keep seeing swags (Figures are compiled only at year's end).

Domestically, Las Vegas has more competition than ever before. Ten years ago, only two states permitted casino-style gambling. Today with new casinos on native reservations, river boats and racetracks, Americans can gamble in 20 states. In Canada, seven provinces and the Yukon now have casinos, and some, such as southern Ontario's Casino Rama, even offer Vegas-style shows. That proliferation is hurting big business. 33 per cent of people who visited Las Vegas

in the past year would have gone more often if not for alternative gaming destinations, according to a study by the Las Vegas Convention and Visitors Authority. Small wonder that the big gaming companies are pouring millions of dollars into a campaign to defeat a November ballot initiative that would expand gaming on native reservations in neighboring California. On top of all that, a federal commission is currently pushing testimony on compulsive gambling and other harmful effects of the gaming industry, and will likely recommend future restrictions.

Under pressure from so many sides, major gambling companies' stocks began a steep slide last year, well before the rest of the market. Shares in giant Rie Mirage and Circus Circus have lost about half their value in the last 12 months. "Wall Street isn't confident that this expansion in Vegas will be a success," says Anthony Gentile, a New York City-based gaming industry analyst with Lira, Stern & Co. investment bank.

But none of that seems to crater much on the casino floor at the Mirage. Even on a Monday night in October, the place is packed. Vegas draws guests with ritzier clothing trays of after-dinner and middle-aged connoisseurs clustered at blackjack tables. Express-lane dealers take thousands of dollars in plastic chips off the green felt tables under the blinking lights of thousands of slot machines and video boards and a candy shop and a jewelry store, too. In restaurants, couples sit at round tables and conversation in dozens of languages. "I can gamble on boats at home, but it's not the same thing," says Jim Savola, a plump retiree from Chicago who has visited Vegas regularly since 1953. "There, they put dinner, and that's about it. Here, they have atmosphere and all kinds of things to do. My wife goes to the pool, she goes shopping, and then we go out to outstanding restaurants. This is the most fabulous place on the world."

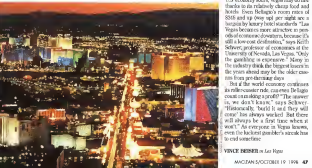
That is precisely why hobbyists, where they go, will continue to thrive—because it has successfully transformed itself from a glitzy gambling town into something new, a high-end vacation destination. There are still plenty of tapless bars, all-you-can-eat buffets and Elvis impersonators in town, but there are also abundant gourmet restaurants, concerts by top rock and pop acts, and vast designer shopping malls.

Gambling remains the town's top source of revenue, but its share has been dropping. Last year, gaming led a slew of 31.5 per cent of total revenues, which also include sales of accommodations and entertainment offerings. For the first time, surveys found that more visitors considered Las Vegas an entertainment destination than a gaming spot. Even as casinos have proliferated elsewhere, the total number of visitors to Las Vegas has steadily dropped over the last decade. And if the

U.S. economy soured, Vegas may do fine thanks to its relatively cheap food and hotels. Even Bellagio's room rates of \$345 and up (one night only) are a bargain by luxury hotel standards. "Las Vegas becomes more attractive in periods of economic downturn, because it's still a low-cost destination," says Keith Scherer, professor of economics at the University of Nevada, Las Vegas. "Only the gambling is expensive." Many in the industry think the biggest losses in the years ahead may be the older casinos from pre-thriving days.

But if the world economy continues its rollercoaster ride, can Las Vegas count on making a profit? "The answer is, we don't know," says Scherer. "Historically, build it and they will come" has always worked. But there will always be a first time when it won't." As everyone in Vegas knows, even the luckiest gambler's streak has to end sometime.

VINCE DESIDERI in Las Vegas



When the palatially opulent and phantasmagorically excessive Bellagio hotel and casino opens this week, complete with 160 million worth of man-of-war paintings, it will be the most spectacular, talk-about attraction on the Las Vegas Strip—for at least a few months. In March, its place in the limelight will be matched by another gargantuan new hotel-casino complex, the tropical-themed Mandalay Bay, which will feature a 44-acre outdoor lagoon with an artificial beach. Mandalay Bay will be shored aside just a month later, with the debut of an even more extravagant project based on Venice, complete with canals and live-fire replicas of the Italian city's most famous landmarks. This will be upstaged in short order by a Paris-themed hotel-casino, which will greet its place on the Strip with a soaring Eiffel Tower.

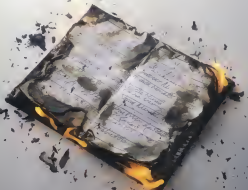
Las Vegas is in the midst of its biggest-ever building boom, one that is colossal even by the standards of a city space-pioneering since 1900, since \$11 billion worth of new casinos and hotels are scheduled to open. Within the 20,000-plus new rooms will require an estimated six million more tourists per year. That number seemed risky within reach in the early 1990s, with the economy booming and record numbers of visitors flooding the city—an estimated 36.1 million last year. But just as the newest glitzy casinos are opening their doors, the odds that they will pay off are getting worse. Las Vegas faces unprecedented competition from new gambling centers across the continent, an Asian financial crisis that is ponding the foreign

visitors market and a suddenly shaky U.S. economy. Instead of posting yet another rise, visitor volume was down 1.2 percent in the first seven months of this year against the same period of 1997, and hotel occupancy fell by two per cent. Are the casino companies making a bad bet? "I think they're off," says Jon Balaban, a veteran local political commentator. "They've always been gamblers, and they're taking their biggest gamble ever right now."

Gambling's Mirage Resorts, Inc. is laying outsize bets on Bellagio, reputed to be the most expensive hotel ever built at \$3.5 billion. The 3,500-room resort, inspired by an Italian lakeside town, is a bold effort to lure a new standard in a city better known for kitsch. It features a remarkable collection of paintings by the likes of Monet, van Gogh, Renoir and Matisse, top-flight restaurants, including Le Cirque and Osseta del Cielo, and luxury boutiques such as Chanel and Gucci. Among its entertainment offerings will be a new show by Montreal's Cirque du Soleil, which already has a troupe performing at another Mirage property, Treasure Island. The Cirque's latest work, a water show, is due to open there this week.

Given the pressures on Las Vegas's tourist market, "It would be naive not to be concerned," allows Alan Feldman, spokesman for Mirage. "But we believe we have built a better mousetrap." Bellagio is targeting the high-end tourist market—but so, to varying degrees, are the other new megaprojects, especially the Venice-themed Venetian. The smallest of the Venetian's 2,038 rooms will be a spacious 42 square meters,

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World NOTES

SHARON TAKES OVER

Israeli Prime Minister Benjamin Netanyahu named cabinet hardliner Ariel Sharon as foreign minister days before a crucial summit in Washington set for this week. U.S. President Bill Clinton was due to host Netanyahu and Palestinian leader Yasser Arafat on Oct. 15 to try to finalize an agreement on new Israeli troop withdrawals from the West Bank. Netanyahu, who had held the foreign affairs portfolio himself since January, said Sharon would lead subsequent "final status" talks with the Palestinians, who traded with dismay. The architect of Israel's 1982 invasion of Lebanon, Sharon was held indirectly responsible for the massacre in Beirut of hundreds of Palestinian refugees by Christian militiamen.

BORDER CHAOS AVOIDED

The U.S. Congress agreed to delay for 30 months a measure requiring airport-style immigration checks at all U.S. land border crossings. U.S. customs officials said they did not yet have a system for implementing the law, which opponents say would cause chaos at Canada-U.S. border points. Canadian diplomats and business people maintain they will continue to drive to force the law's repeal.

METEOR WATCH

Researchers warned that a spectacular meteor shower due on Nov. 17 could endanger some of the world's 650 or so orbiting satellites. Systems involving banking, cell phones, pagers, the Internet, news services, navigation and military surveillance could be at risk, said scientists at the University of Western Ontario in London, Ont., who are monitoring the Leonids meteor storm. Satellites could be damaged as they pass through millions of particles the size of a grain of sand traveling at about 500,000 km/h.

JAPAN SAYS SORRY

Japan gave South Korea its fullest apology ever for its brutal wartime behavior and harsh 35-year colonial rule on the Korean peninsula, which ended in 1945. Prime Minister Koizumi Obuchi told visiting South Korean President Kim Dae Jung that Japan "expressed deep remorse and extended a heartfelt apology" for inflicting "heavy damage and pain" on Koreans. Obuchi said the joint declaration, Japan's first written apology, was aimed at ending the long estrangement between the two nations.



MUTED PROTEST: Tens of thousands of Russians mobilized by Communist and trade union leaders filled Red Square in Moscow to demonstrate against President Boris Yeltsin, but their numbers fell far short of the leftist predictions. Government leaders had gone on a virtual war footing as the Communists vowed to bring out 10 million protesters from Vladivostok to St. Petersburg to demand that Yeltsin resign. The Kremlin maintained that no more than a million actually turned out. Recently appointed Prime Minister Yevgeny Primakov took some of the steam out of the protest by promising to pay workers their long-delayed back wages.

Joining the UN's power body

For the sixth time since the founding of the United Nations in 1945, the General Assembly elected Canada to a two-year term on the all-important Security Council. Foreign Affairs Minister Lloyd Axworthy, who led an intense lobbying campaign for the post, said Canada will work greater agreement in the 15-member council when it takes its seat on Jan. 1—the first time since 1990. Canada won 181 of 173 total votes cast in a three-way race for two positions representing mainly Western countries. The Netherlands took the other, defeating Greece. Axworthy agreed that Canada's interests will be essential in developing greater co-operation among the council's five permanent members with veto power: China, France, Russia, Britain

and the United States. "There will be crises," he told *Maclean's*. "But our most effective role is in finding consensus." The other priority, he said, will be to promote the concerns of the developing world, including such issues as war crimes, small arms control, land mines and the exploitation of women and children—all virtually ignored by the council in the past. "The Security Council ought to have to be involved in closed shops," Axworthy said. Canada's first opportunity to influence the agenda came in February, when it assumes the one-month rotating presidency of the council. Said the candidate Axworthy: "We will ensure that both our concerns and those of smaller nations will play a role in meeting more transparency."

A Nobel Prize goes to a late-in-life novelist

A 75-year-old Portuguese Communist whose imaginative novels painted international recognition only in the last 15 years was awarded the Nobel Prize for literature. Jose Saramago, whose best-known books include *Barbarian and Albigensians* and *The Year of the Death of Ricardo Reis*, was cited by the Swedish Academy, which bestows the prize, for his "farscape sustained by imagination, compassion and irony" that drew readers to "aperçued an illusory reality." Saramago, a Communist party member since 1968, fell into to write only after the fall of dictator Antonio Salazar in 1974. He achieved his breakthrough with *Barbarian* in 1982, when he was 60.

THE SLIPPERY SLOPE

World leaders warn of the gathering crisis buall to agree on solutions to halt the global slide



July, 1997: The bottom falls out from under the Thai baht. Foreign capital flees, interest rates shoot up, companies go broke, banks collapse.



July, 1997: Economic weakness in Japan leads into recession as exports to Asia suffer from currency fall. Japan's banks are weakened by bad debts of more than \$400 billion.



Fall, 1997: As in Thailand, the currency plunges, interest rates go up, companies go broke. The financial crisis in Indonesia is bad. Because of the crisis, the International Monetary Fund.



May, 1998: Indonesia's gathering economic crisis explodes in the streets. President Suharto is forced from power. He dies in the September. His son is expected to take his 33 per cent this year.



August, 1998: The contagion spreads beyond Asia. A new-fangled series of events: devaluation, capital flight, a crippled banking system, political crisis.



September, 1998: The same problems now appear in Latin America. Again, the International Monetary Fund offers a rescue package.

Business THE GLOBAL ECONOMY

BY JOHN GEDDES

If Canadians some times forget that they are entangled in the global economy, the past year has provided plenty of hard reminders. The Japanese housing market slump, and S.C. nominal snap hunting. Devolved local currencies drive up the price of imports and in the markets of Thailand and Indonesia, and the price of Asian currencies get their legs under the table. Had enough? Better not count on any world economic recovery from Finance Minister Paul Martin when he declares his full economic update scheduled for Oct. 14. He sees the current crisis as the price of the world going for the widening trade and investment links that in good times—find greater prosperity. "We're going through a kind of turbulence that is one step on the way to greater globalisation," he told Maclean's. "We'll come through this—and then there will be another one, and then another one after that."

Most globalisation means an economy ripe of worldwide boom and bust. That question gripped the world's top economic decision-makers last week, Mexico among them, as they gathered in Washington for the annual meetings of the International Monetary Fund and the World Bank. The mood was grim. "Today, the world faces perhaps its most serious financial crisis in a half-century," U.S. President Bill Clinton said in a 20-minute speech to the IMF. Few thought he was exaggerating. After all, since the collapse of Thailand's currency in July, 1997, almost all of Asia has tumbled into recession. Russia has been reeled by financial crisis and Latin America seems set in line to take a hit, with Brazil negotiating the terms of a rescue package with the IMF. While the diagnosis of a nasty economic contagion is widely accepted, the right prescription for stopping its spread remains elusive. "There are no decisive action," Clinton said—there was no consensus about exactly what actions to take.

To be sure, some pieces of the puzzle seemed to be falling into place last week. Reports that Japan's government was close to announcing a 100-billion yen package to let Asian distressed economy out of its prolonged recession bailed stock markets. An even better news for beleaguered stock traders was a statement Wednesday from Alan Greenspan, the U.S. Federal Reserve Board chairman, indicating that interest rates are on their way down. Greenspan's remarks signalled that the Fed's more eight days earlier to cut U.S. rates by a modest quarter of a percentage point was only the beginning of a gradual easing. Some strength for the Bank of England came on the day after Greenspan's statement, just as the Bank of Canada had immediately followed the Fed's rate cut the week before. The prospect of a continued downward drift in the cost of borrowing shared up hopes that the North American and European economies could escape a recession in 1999.

Still, the state of good news could not entirely dispel a deeper unease created by news from a year ago. It all started 13 months ago, with the collapse of Thailand's banking system, wiping out the last loans. A 800 billion IMF bailout failed to keep Thailand, the first of the Asian financial crisis, from sinking into recession. Within a few months, the IMF was pouring \$15 billion into Indonesia and \$88 billion into South Korea—with little success, as both economies nose-dived. Meanwhile, the severe shocks in several of Japan's key regional trading partners worsened the economic doldrums that have plagued it since 1992. Most economists agree now that Japan may never be the world's Asian-Pacific region, including recession-ridden Brazil, Colombia, has much hope of a rebound. Finally, in August, despite an injection of \$20 billion from the IMF, Russia imploded, its ruble collapsed.

Finding common ground to these far-flung financial crisis was no easy task. Thailand's banks were overexposed to foreign borrowing. Russia's government and newly privatised industries were riddled with corruption. One conclusion gaining wide acceptance is that international oversight and regulation of national banking systems in troubled economies must be strengthened. Credit is the greatest of free-market economies—when it dries up, bad things happen. On this subject, Martin could be forgiven for letting an ill-fated visit to Washington last week. He has been pressing, through the Group of Seven leading industrial nations, for more stringent international oversight of banking ever since Mexico was reeled by a cur-

rency crisis in 1995. Martin's plea backfired into a letter, Canadian proposal sent to the IMF last spring. The plan would set, among other things, binding regulations for participating countries conduct "peer reviews" of developing nations' financial institutions. By last week, however, some kind of reforming Banque had emerged as conventional wisdom at the IMF and World Bank meetings—although Canada was not getting much credit for putting the idea on the table. But some critics complained that the debate about how to prevent future problems was pre-empting action to get out of the current mess. Said Gary Cook, chairman and CEO of Credit Lyonnais Securities (Asia). "These guys are at 100,000 feet, and the crisis is at 10,000 feet."

Many critics are also calling on the IMF to temper its stern approach when it comes to shore up a stumbling economy. The IMF tried higher interest rates on Thailand, Indonesia and South Korea to restrain countries' devaluing currencies. It often mandates lower government spending. But those measures can sometimes strangle business and consumer spending in countries already adding into punishing recessions. Joseph Stiglitz, chief economist of the World Bank, argues that in Indonesia, the IMF's harsh policy had led worsened conditions among the kind of labour, to the point where riots in the streets undermined the government's ability to get on with reforms. "The lesson of Indonesia," Stiglitz told Maclean's, "is that unless your policies are consistent with social and political reality, you're not going to get economic stability and the restoration of confidence."

Stiglitz's plea for more consideration of those who also pay the price for IMF-imposed discipline is part of a wider pattern emerging in the debate. For the past decade or longer, the free-market orthodoxy that fiscal restraint and free trade can solve just

about any economic problem has gone all but unchallenged. But not everyone is for the past and government regulation are now being given a more sympathetic hearing. Canada's proposal for dealing with the global turmoil, for example, echoed a World Bank call for making sure impoverished countries affected by financial crises get the aid they need to reduce poverty. More controversially, Canada threw its weight behind tighter controls on the flow of capital—an idea the United States staunchly opposes. A senior federal official said the Canadian version of the idea would allow a country catching a financial crisis to stop private capital from fleeing until an IMF rescue package was in place.

As the crisis has spread beyond Asia, concern has grown that the Canadian economy may stall. J. P. Morgan Securities Canada Inc. last week became the first major economic broadcaster to predict a "mild recession" for Canada in 1999. But a similar report, The Canadian Board of Canada would be more widely held view that Canada will "nearly avoid a recession next year." The board, an independent, not-for-profit research organisation, projected 2.3 per cent growth for Canada in 1998 and 2.4 per cent next year—not a strong economy, but not the vicious effect the thought, sharp declines in exports to Japan and the rest of Asia, the board expects the low Canadian dollar to spur exports to the United States. As for the rest of the world, the IMF's latest forecast sees the global economy expanding by 2 per cent this year and 2.5 per cent in 1999, down from last year's 4.1 per cent. "This is a sluggish performance—but still not the worst global recession, since it has a worldwide depression. As Michel Camdessus, managing director of the IMF, put it last week: "We are not in 1929." Those days, first panned for an abrupt outlook.

DOW DOWN

Changes in the Dow Jones Industrial Average since the start of Asia's economic troubles. Figures show the weekly close.



TSE DOWN

Changes in the Toronto Stock Exchange 300 composite index since the start of Asia's economic troubles. Figures show the weekly close.



PHOTO: ANDREW PHILLIPS/ANSA/GETTY



THE GLOBAL ECONOMY

HELP WANTED
Chartering agents' job
pals in São Paulo as
unemployment soars

The next dominoes?

BY TOM FENNEL

As some of the world's most powerful politicians fretted over how to engineer a \$46-billion bailout for Brazil last week, Domingos Carneiro was worrying about a much smaller investment. After years of scowling, the 39-year-old father of three, who operates a small business in Rio de Janeiro, was finally able to purchase a modest home for \$65,000. But in

the wake of financial collapses in Asia and Russia, nervous international investors began pulling their money out of Brazil, fearing yet another meltdown. To stanch the hemorrhage, which at one point in September warped to \$1.5 billion a day, President Fernando Henrique Cardoso jacked up the country's prime interest rate to 50 per cent. Unable to afford his payments, Carneiro stopped making them. Now, like thousands of Brazilians, he expects to lose his house. "The interest is risen," he says, "just as bad as my lifelong dream to own a home."

Debtors are rapidly turning into neighbors across Latin America as governments from Mexico to Argentina struggle to contain the fallout from the Asian meltdown. Layoffs are mounting, interest rates are soaring, currencies and stock markets have collapsed. The

fear of a looming financial catastrophe in the region has become almost palpable. Many officials of the International Monetary Fund and the world's largest industrial powers, who met in Washington last week, believe that rescuing Brazil's economy may be all that stands between a recession and a global depression. Nearly a quarter of the countries of the world are already in recession, and if

Brazil, the region's largest economy, falls, experts fear it will take the rest of Latin America down with it. Battered by long markets, the U.S. and Canadian economies would be badly hurt. "Compared with Asia there is a greater sense of urgency on the part of the Americans," says Josh Mendelsohn, chief economist at the Canadian Imperial Bank of Commerce in Toronto. "They have seen the contagion spread from Asia and Russia. Now, it's closer to home."

The stormy global financial markets around the world began in Asia in July, 1997, when the once-mighty Asian tigers, including South Korea, Indonesia and Thailand, were no longer able to meet the payments on their foreign debts. The IMF responded by pumping more than \$150 billion into the region in an attempt to contain the damage. But Asia's conditions worsened, and in August the vol-

The IMF tries to buy time for Latin America

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as if the Russian ruble plummeted when the country effectively defaulted on more than \$40 billion in foreign debts. Battered international investors who lost more billions of dollars worth of invested cash money in and out of markets with the touch of a computer key, began pulling their cash out of South America with a vengeance. Although the coffers have thinned, Brazil is still losing more than \$750 million a day in foreign investments.

With a gross domestic product of \$800 billion, Brazil is the region's largest economy. Its industrial output is twice that of Russia, and accounts for nearly half of Latin America's total. Many analysts believe that before the crisis has passed, the IMF will be forced to pour more than \$150 billion into Latin America—and even then there is no guarantee that North America will escape without a severe recession.

To head off a crash, the IMF is sweeping its \$46 billion for Brazil. As well, the country's finance minister, Pedro Malan, met with representatives of major world banks in Washington in an attempt to put together a private loan package totalling as much as \$40 billion. Putting the deal together and obtaining it, work is seen as a major challenge for the IMF. "This is right in our headlights," said Jim Peterson, Canada's secretary of state for financial institutions. "This will be a test of the effectiveness and the credibility of the IMF and the World Bank to respond to something we know about."

The money would allow Brazil to make payments on some debts while replenishing its foreign reserves, which were run down when the country was forced to defend its falling currency. The rescue package would buy Brazil time as it attempts to reform its economy. And it would buy time for its neighbors. President Bill Clinton desperately wants to save a region that consumes 20 per cent of U.S. exports. The pain on the streets of Latin America is mounting daily. Stock markets have crashed across the continent. With price rises skyrocketing, annual inflation on credit card debt now runs as high as 201 per cent. At the same time, some of the region's leading car models have slipped by 20 per cent or more in value, making it all but impossible to buy expensive imports. And as unemployment soars—Brazil's rate is now the highest in 10 years—many people

who just a few years ago had fought their way into the middle class now find themselves hunkering back into poverty.

Even two months ago, it was almost impossible to find a seat for an early morning coffee at the Saco Loco, a street bar popular with manual laborers working in a middle-class area of Rio de Janeiro. But now there is always a free seat. "We used to serve 60 people every morning," says manager Jose Louz. "But since September, it is only half that amount. It's because all the people who own apartments around here are cancelling their building work. No one wants to spend more than they have to."

With consumer confidence collapsing, everything seems to be on sale in Rio's shopping markets and streets. "The market is shrinking in anticipation of what will happen," says Eduardo Cardozo, manager of an electronic goods store in Rio. "The consumer is being a lot more cautious." And with a possible devaluation looming at the Brazilian currency, the real shoppers are even more reluctant to spend. "There will be full devaluation," says Antonio Motta Filho, a Rio politician who bought a car priced in dollars. "If the real falls by 20 per cent against the dollar, my monthly car payment will go up by 20 per cent. My family will really start to feel the pinch."

Like many Latin countries, Brazil's troubles began with easy credit. As long as its economy kept growing and it could meet its foreign debt payments, major banks continued to loan Brazil money. President Cardoso was originally elected on a reform platform that included promises to cut government spending. But he was unable to make the changes through the Brazilian Congress, which is dominated by regional politicians who were elected to protect the status quo, including a bloated bureaucracy.

As a result, the country's deficit continued to grow along with its easy borrowing. Now, analysts are divided over whether Cardoso, who was re-elected easily last week despite the crisis, can bring in the necessary fiscal reforms. David Fischer, a political scientist at the University of Toronto, says conservative reforms will only create unrest and further slow the economy. But Antonio de Sousa, a political analyst in Rio, expects the IMF to insist that Cardoso stream-



UNDER PRESSURE Cardoso hopes to reform Brazil by cutting spending.

TROUBLED LANDS

	BRAZIL
	MEXICO
	ARGENTINA
	COLOMBIA
	VENEZUELA
	CHILE

The fall in world commodity prices has left many Latin American countries struggling to pay their foreign debts. Key figures for the top six economies (in billions):

SIX OF ECONOMY (\$Bn)	FOREIGN DEBT (% OF GNP)	IMPORTS FROM CANADA	EXPORTS TO CANADA
\$639	\$344 (141%)	\$1.87	\$1.31
\$622	\$312 (90%)	\$1.32	\$4.99
\$462	\$170 (37%)	\$0.41	\$0.23
\$436	\$39 (29%)	\$0.43	\$0.3
\$136	\$62 (66%)	\$0.95	\$0.97
\$115	\$43 (36%)	\$0.39	\$0.33

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THE GLOBAL ECONOMY

IMF's sister organization, the World Bank, was forced to loan Argentina \$8 billion to meet debt's coming due over the next three weeks.

As the crisis has intensified, many of South America's stock markets, including those of Brazil and Colombia, have lost almost half their value. Venezuela, faced with a run on its currency when oil prices slumped, has increased interest rates to 80 per cent. Ecuador and Colombia have also devalued their money. Even Mexico, which has been integrated with the U.S. and Canadian economies under the North American Free Trade Agreement, is staggering. The peso has lost 20 per cent of its value since the beginning of the year.

And Choein, says Jorge Nel, a political scientist and emerging markets specialist at the University of Guelph, is determined not to let Mexico fall into a deep recession. The country, which consumes about 10 per cent of U.S. exports, is now America's third-largest trading partner after Canada and Japan. Unlike its Latin neighbors, Mexico has been the beneficiary of massive capital investments by large U.S. corporations as its economy merges into North America. In 1997 alone, U.S. and Canadian direct investment in Mexico reached a record \$12.4 billion. Nel says Washington has another strategic reason for protecting its southern neighbor: it does not want millions of unemployed Mexican workers flooding north. "If Mexico goes," he says, "there would be a security threat to America's border."

The main link of the South American economy is also needed to protect U.S. financial markets. American banks have loaned about \$125 billion to governments and corporations across the region. A widespread default on those loans would be very damaging. "If the financial markets don't stabilize," says Mendelsohn, "it will seriously weaken the U.S. economy."

Canadian banks are also heavily exposed in the region, with at least \$12 billion in loans to corporations and governments. Through the 1980s, the Toronto-based Bank of Nova Scotia has been the most aggressive Canadian bank in the region and currently has close to 700 retail outlets operated by subsidiaries across Latin America. Among others, it owns 10 per cent of Mexico's giant Banco Inverlat, 180 per cent of Argentina's Banco Quilmes and 50 per cent of El Salvador's Ahorros del Sur Bank.

Despite such massive investment, John Cresci, Scotia's senior executive vice-president of credit and risk management, insists that the bank has positioned itself to withstand a sharp downturn in the region. Most of its \$18.5-billion portfolio is backed by government guarantees, he says, and it has attempted to control risk by judging as borrowers financially sound institutions operating in the region. As well, the Latin retail banks that it controls deal primarily in local currencies—if funds are devalued, loans do not have to be repaid in more expensive foreign currencies. "It's going to be a tough period for a while," admits Cresci, who does not expect Latin countries to default on their loans the way they did in 1982 during a similar crisis. "There is enormous political will to avoid the problems they went through the last time around."

The economic tremors also come just as Canadian corporations are trying to close a number of major deals in South America. The upheaval will likely make it more expensive to borrow money. It



A MATTER OF INTEREST Mexican debtors protest proposals to change higher rates

Spain, a consortium of Canadian mining companies—Sto Algon Ltd., Noranda Inc., both of Toronto, and Vancouver-based Teck Corp.—finalized an agreement with the Peruvian government to develop and operate what would be one of the largest copper and zinc mines in the world.

The Antamina project will cost \$3.4 billion to complete. According to Noranda executive vice-president of corporate development David Baranet, the partners are now meeting with a consortium of 12 banks to lock in financing. This loan is what is to be assured that the project will succeed in a depressed economic environment and to offset the risk, they are demanding a higher interest rate. "The impact of uncertainty," says Baranet, "is that the appetite for long-term lenders is less. They perceive the risk as higher."

But even with the region's economy sliding into recession, there may yet be a bright spot for Canada in the debate. Ottawa has pushed for a broadening of NAFTA to include South America. And with the need for a new focus in the region becoming acute, says John Kestel, Canada's ambassador to Ecuador, Canadian companies will be welcomed if they increase their presence in South America.

In fact, Chile, which, until two months ago, had currency controls in place that forced investors to keep their money in the country for a year, dropped the measure in the hope of attracting new investments. (Broadly, international financial officials have lately begun noting Chilean-style controls as a way to curb currency volatility.) "The pressure on Latin America's currencies is slowing down [public sector] governments," says Kestel. "But it's definitely opening up opportunities for Canadian companies to establish joint ventures in the region."

Still, Baranet says that no one really knows when the economy will bottom out. With so many countries dependent on resource exports, world commodity prices will have to rebound before widespread property returns. That, at first, depends heavily on stock gains in Asia, one of Latin America's major customers. Domestic currencies will have to follow events beyond borders to find out whether they can ever again hope to own a home.

BY ANDREW PHILLIPS in Washington, WILSON RUIZ in Quito and JESS BRILLON in St. John's

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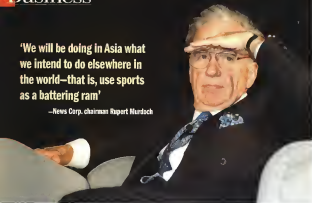
CANADA'S LENDING

This authority, owned by major Canadian banks in Latin America, shows:

Bank of Nova Scotia	\$3.9 billion
Royal Bank	\$2.9 billion
Bank of Montreal	\$2.7 billion
Toronto Dominion	\$2.3 billion
CIBC	\$1.2 billion

'We will be doing in Asia what we intend to do elsewhere in the world—that is, use sports as a battering ram'

—News Corp. chairman Rupert Murdoch



PHOTOGRAPH BY JEFFREY M. HARRIS

Murdoch's big play

By all accounts, the atmosphere was strained inside the serene boardroom. At the London headquarters of Citic Hong Kong & Shanghai Banking Corporation, directors of British Sky Broadcasting and the Manchester United football club had spent an entire day in fruitless negotiations. But at the last moment, just as tensions began to fray, Sir Richard Smith, chairman of Manchester United, received a transatlantic telephone call. On the other end of the line in New York City was media mogul Rupert Murdoch. And not long after Smith and Murdoch exchanged views on what would later be officially described as only a "small deal," the deal was announced: Murdoch's British Sky Broadcasting agreed to add \$122.5 million to the bid to buy Manchester United, raising the purchase price for Britain's richest, most successful football team to a staggering \$3.46 billion, the highest price ever offered for a sports franchise anywhere on the planet.

At first glance, the offer might seem absurdly generous. When it was tendered early last month, it represented a 50-per-cent premium over Manchester United's stock price at the time. What's more, it exceeds by a wide margin the paper value of the football club's various assets, both on and off the field. "If this deal goes through," argues London-based analyst David Brooks of Japan's Nomura Bank, "Murdoch will be paying 625 million pounds (\$1.45 billion) for a property that is probably worth no more than 400 million (\$1.2 billion)." Despite the numbers, however, Brooks, like virtually every other industry expert in the British capital, thinks the move is not only clever but also inevitable, yet another example of the growing convergence around the globe of television and sports. "Vertical integration is the name of the game," says Brooks. "and in that sense, News U and Murdoch are a natural fit."

As natural, in fact, as the Australian-born

magnum's similar activities elsewhere in the world, particularly on the other side of the Atlantic. To be sure, Murdoch is not the only media titan currently engaged in grabbing up sports franchises. But his influence is pervasive—extending even to Canada, where he may not yet be buying hockey teams but is part-owner of the new sports channel—CTV's Sportsnet—that began broadcasting the country's national game last week, in the process driving up the price of hockey's television rights.

In Murdoch, as well, who most clearly defined the business logic driving this global trend when, two years ago, he told the News Corp. annual meeting that sports "absolutely overpowers" film and all other forms of entertainment in drawing viewers to television. "We have the long-term rights in most countries to major sporting events," he said at the time, "and we will be doing in Asia what we intend to do elsewhere in the world—that is,



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PREMIER SELECTION

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Manchester United star midfielder David Beckham (center standing), paying a premium fee could afford

use sports as a bargaining chip and a leveler in all our pay-television operations.

That is certainly what has happened in the United States since Murdoch's free-struggling Fox Network first captured national attention in 1980 by agreeing to pay \$50-\$1 billion for the rights to broadcast National Football League games over a four-year period. That maneuver helped Fox establish itself as the United States' sixth major network, one worth an estimated \$100 billion. "The beauty of sports broadcasting," says ABC spokesman Mark Mandel in New York, "is that it's live, unchained and real, and therefore makes for excellent TV."

Since its 1992 deal, Fox has recovered NFL rights for another five years, but now shared with the NBC, ABC, ESPN and TNT networks, and will be hosting January's Super Bowl. And Fox is involved in more than just football. It will also be broadcasting this month's Major League Baseball World Series and hold the U.S. rights to next spring's National Hockey League Stanley Cup finals. Through an extensive network of local affiliates, Fox also enjoys regional rights to more than two-thirds of pro sports' baseball, basketball, hockey and football teams. Owned equally by News Corp. and Liberty Media Corporation, Fox/Liberty now boasts 58 million subscribers and is starting to up at the head of competitor ESPN, owned by Walt Disney with 70 million cable subscribers.

In a harbinger of what is now unfolding in England with Manchester United, Murdoch last year bought the Los Angeles Dodgers baseball team, paying \$79 million for team, stadium, real estate and licensing rights that had been valued before the deal at around \$277 million. But, once again, the experts see no fault in the move. "This is just a natural way to vertically integrate, to the degree that News Corp. is looking to have a base, in cash of its many title," says Peter Webber, media analyst Christopher Dixon in New York.

THE MAJOR LEAGUES

Cross-ownership of sports teams and broadcasting operations

NEWS CORP.

TELEVISION ASSETS:

- Fox Network
- broadcasting rights for NFL, MLB, NHL
- Fox Stations Group, 22 stations
- British Sky Broadcasting (40%)
- Star TV (Asia)
- Fox/Liberty Media (50%)

SPORTS ASSETS:

- Los Angeles Dodgers
- Manchester United (pending)
- Madison Square Garden (20% through Fox/Liberty)
- New York Knicks, New York Rangers
- Los Angeles Lakers (option for re-negotiation)
- Los Angeles Kings (option for re-negotiation)

TIME WARNER

TELEVISION ASSETS:

- TNT Sports
- Versus cable operations

SPORTS ASSETS:

- Atlanta Braves
- Atlanta Hawks
- New Atlanta NHL franchise

WALT DISNEY

TELEVISION ASSETS:

- ABC
- ESPN

SPORTS ASSETS:

- Anaheim Angels
- Anaheim Mighty Ducks



The Dodger purchase capped a string of earlier buys, all of which has combined to give Murdoch's interests a considerable sports stake. In addition to the Los Angeles baseball team, Fox/Liberty owns 40 percent stakes in broadcaster's New York Knicks, today's New York Rangers and—through a 1992 alliance with the Long Island, N.Y.-based cable local outlet, Group Cablevision Systems—Madison Square Garden in New York. It also holds a 49 percent stake in the Los Angeles Staples Center arena, which includes an option to purchase 49 percent of the Los Angeles Kings hockey team outright under 40 percent of the nascent Los Angeles Lakers basketball squad.

Judging from the evidence, Murdoch's long-term prospects in the sports arena are bright, at the moment, engaged in raising new capital for further steps by spinning off part of his U.S. sports and entertainment assets in a public share offering scheduled for later this year. "There's no predicting where he'll go next," says Jim Rosenthal, partner at the private equity firm JBR & Associates in New York and an ex-president of CBS, the network that reportedly lost its NFL rights after Murdoch's surprise 1993 offer. "He's one of a few players who has a global corporate strategy that allows him to make individual decisions that no one else could make."

Manchester United is a case in point. Not many other corporate players have pockets deep enough to come up with the money required to buy the most lucrative franchise in British football's 20-team Premier League, arguably the richest league in international soccer. Last year, Man U. revenues amounted to \$225 million, more than double that of second-place Newcastle United in the league. The team has a solid fan base—the celebrated Red Army—of close to half a million and quadruple that abroad. There are more than 200 branches of supporter clubs in 24 different countries. In Ireland alone there are 31 Red Army units, and even in Thailand, on the other side of the world, the team's magazine sells \$30,000 copies a month. "The team really is the jewel in the crown of the premiership," says Paul Wedge of the London brokerage Collins, Stewart & Co. "And the Premier League is the main reason that Murdoch's Sky earned close to \$90 million pounds (\$75 million) last year."

As with the case with the Fox network and football, BSkyB's television satellite operations, did not start to flourish until the company managed to snag the rights to broadcast Premier League matches. When Sky paid \$605 million for these rights in 1992, the company had a subscriber base of two million British households. Six years later, thanks largely to soccer, it has a viewership of seven million households. Sky's rights, however, which currently cost \$27 million annually, are slated to expire in 2001. And it is partly with that in mind that the company is now looking to own the topmost in Britain's top



L.A. Dodgers at play: a media empire that finds sports a perfect fit

league. "They want the leverage that owning Manchester United will give them at the negotiating table when it comes time to negotiate a new TV deal," notes analyst Wedge.

It is precisely this potential conflict of interest that is fueling opposition to Murdoch's bid, even opposition that may yet scuttle the deal. The purchase bid has yet to be approved by the British government's office of fair trading, which is investigating the possibility that the country's competition regulations may be breached. The agency is scheduled to deliver a report early in November. If it finds reasonable grounds to support the view that competition rules are being breached, the matter will be handed to Britain's Monopolies and Mergers Commission. And that, in turn, will mean no final decision on Murdoch's bid for several months.

Despite the regulatory hurdles, most industry observers fully expect that Murdoch will eventually gain control of Manchester United. When—or if—that happens, Murdoch will not only be treading the path he has followed in the United States but one that others have traveled elsewhere in Europe. In Italy, media magnate and former prime minister Silvio Berlusconi owns the AC Milan soccer team. Not far away, billionaire Fiat controls Turin's famed Juventus squad. In Paris, the profitable French pay-TV channel Canal Plus owns the first division Paris St. Germain. Farther north, *Amsterdam* is owned by the Phillips electronics conglomerate. And more such vertical integration is likely in store. Murdoch and Berlusconi are, for example, the team driving forces behind a subject matter plan to create an entirely new European super league of soccer, a scheme that would create yet another cash cow for the media barons.

Canada, too, has proven that it is not immune to the example set by Murdoch. CTV's Sportsnet, the new cable channel that went on air for the first time last week with a Philadelphia Flyers-New York Rangers hockey game, owes much to the News Corp. chairman. In the first place, the network licensed by the CRTC in September, 1996, is partially owned by Murdoch interests. CTV has a significant stake in the company. Rogers Communications Inc., Murdoch's nearest, built its 30 percent and now owns 40 percent of the CRTC-approved Rogers' recent purchase of Sportsnet's shares from the Motion Co. Ltd. Fox/Liberty, lobbied by Murdoch, has the rest.

"This time last year CTV Sportsnet had a license but not much news. We were in a chicken-and-egg situation," explains Suzanne Stevens,

the channel's senior vice-president and general manager. Cable TV companies were under no obligation to carry the service. If Stevens wanted a cable company to carry the channel, she had to offer something. Canada being Canada, that something had to be hockey.

Stevens, one of the few women in the professional sports business in Canada, admired Murdoch's no-nonsense strategy to secure TV rights to a premium team as a way to launch a channel. It was "an aspiration," she recalls. She spent plenty of time talking about it with executives from Fox/Liberty. One evening last year, Stevens was invited to fly down to Detroit for the launch of Fox Sports Detroit, which had bought the rights for the Detroit Red Wings. On the way in from the airport, she saw a huge sign: "Fox sports Detroit. Home of the Detroit Red Wings. Call your cable company." Stevens loved what she saw.

So, with the support of CTV Sportsnet's stakeholder, Stevens threw the dice. Back home in Toronto she made a four-year cable deal with the NHL, giving the network the right to broadcast 44 NHL games. This made it possible for CTV Sportsnet to sign a deal in August with Rogers Cable Systems and Shaw Communications Inc., which in turn gave the channel access to its affiliate homes.

Stevens will not say how much she paid for the rights to broadcast NHL games, but she claims it was not the kind of money Murdoch is capable of throwing around. "We had to draw our lines," she says. "We were very conscious that what we were paying had to make sense." Officials at TSN, CTV Sportsnet's rival and the leader in the contest for the NHL rights, view those arguments with a certain skepticism. "The dollars were high," sniffs TSN president Rick Brace, "no doubt about that."

Whatever the actual expenditure, the Canadian barbers are unanimous: compared with the vast figures currently at play in the United States and Europe. In less than a year, the NFL, the NBA and the NHL have all signed long-term broadcasting deals that more than double revenues. The NFL's landmark, \$2.1-billion, five-year deal with Fox, CBS and Disney's ABC/ESPN broadcasting group makes Fox's 1993 offer seem modest by comparison. Major League Baseball also agreed to secure a hefty raise with a \$2.6-billion, five-year commitment starting in 1998 with Fox, NBC and ESPN.

In the shorter scale of the market for broadcasting rights that makes overnight loans, ownership such a tempting proposition for the media giant. "The biggest sense you get about the \$184-billion [82.7 billion Cdn.] NFL deal is that you could have bought all 31 teams in the league for \$500 million [670 million Cdn.] each and still paid less," points out Jack Yeitch, managing director of Dallas-based Bear Stearns' investment-banking group.

The logic of such arguments will certainly not have escaped Murdoch's attention. And it is probably why reports persist that his Long Island-based partner, Cablevision, is intent on buying baseball's New York Yankees. In 1998, Cablevision paid \$248 million to purchase the Yankees' TV rights for the ensuing 12 years. Before that contract expires, Cablevision is understood to be offering Yankees owner George Steinbrenner between \$770 million and \$1.2 billion to get rid of the media man by buying the team outright. If there were no rules—corruption throughout professional sports—against multiple team ownership, Murdoch himself might well be in the race. He has, after all, done it before.

CTV's sports network tries the Murdoch formula

By Mike Kester in New York and Sarah Scott in Toronto

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An ever-tougher sell

Public support for the bank mergers wanes as opposition increases

BY KIMBERLEY NOBLE

Right off the top, the idea seems terrible—the sort of thing that makes one wonder why anyone has mentioned it before. Talking to the Toronto Club of Commerce this week, Bank of Montreal chairman and CEO Louis Bouchard said he was confident that the debate over bank mergers was taken out of the boardrooms and boardroom and into the streets of everyday people. “I don’t think it’s peaked out, the question of whether the Bank of Montreal should be allowed to merge with the Royal Bank of Canada, and the Canadian Imperial Bank of Commerce, with the Toronto Dominion Bank,” Bouchard says, “is so much that it is too important to be left to bankers or even politicians. It is a question on which all Canadians should become informed and involved.”

The only obstacle, as far as close advisers of the bank debate can see, is that the big banks have spent nearly eight months attempting to get Canadians in general on board. So far, not only have they failed to make progress, but they seem to be digging themselves into an ever-deeper hole. According to unpublished public opinion polls between half and two-thirds of Canadians do not want banks to merge—a sharp increase in opposition since last spring when the banks announced that they wanted to merge to build their own against international competition.

At this stage, publicly available polling data are superficial, making it easy for banking officials to argue that the numbers do not tell the whole story. But the evident lack of public support, combined with falling bank share prices and the growing turmoil in world financial markets, means that what started as a smooth sales job is starting to look more and more like a salvage operation—to the extent that some senior bankers are beginning to talk about the possibility that at least one of the mergers may not happen.



Jean-Pierre Switz in Toronto: a changed economic climate adds to the skepticism

It is hard to imagine Finance Minister Paul Martin prohibiting mergers outright, given the clout of Royal Bank chairman John Clithorne and other business executives who support the banks. But it is becoming increasingly possible that—unless the banks discover the issues that will persuade the public to support their institutional plans—Martin may decide that the best way to block them is to ask for more than the banks are willing to give. Says one banking official: “Then the question for the bank shareholders is going to be whether they are prepared to pay that price.”

The banks hope it will not come to that. It will be up to them. If their mergers pass the next regulatory hurdle, by getting a positive to neutral ruling from the Bureau of Competition Policy later this year, the banks will have one last chance to reverse the downward trend. Clearly, it is a task they all take seriously. It turns out that there are, in fact, a small group of well-informed people who are fully aware of what Canadians think about bank mergers—they just happen to be the bankers themselves.

Between them, the country's largest banks have enlisted the services of most major polling and market research firms in the country for the duration of the merger process. Angus Reid works for Royal Bank, Allan Gregg's Strategic Counsel for the Bank of Montreal and Goldfarb Consultants for the Bank of Nova Scotia. The two others, TD and CIBC, use a combination of internal and external market research firms: the CIBC employs a little-known Toronto firm called Berswell Ray while the TD uses Toronto-based Pollara Inc. and other consultants the bank will not identify.

These firms are conducting what pollsters and bankers both say is private research. It is not in their interest—or, the banks' spokesmen insist, in the interest of Canadians—to release the results to the public at this time. “It’s,” says small-business lobbyist Catherine Smith, “the results were in their favor; they’d release them in a moment.” As it stands, however, some of Canada's highest profile pollsters are precluded from even commenting on general trends. “The more any one can talk to you about anything to

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Two executives take their respective clients to dinner. One escorts 4 clients by cab to a French bistro where he spends \$670. The other walks 3 blocks with 8 of her clients to an Italian restaurant and spends \$900.

Who earned more points?



do with the subject you are interested in," says Gregg. "Good luck, but you'll have to sniff elsewhere."

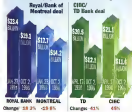
So what do all the buzz-knives think that they do not want to share with the public (beside a rashnet), it is that public support for the merger is dropping drastically. Interestingly, public opinion polls, none of which have been published, show that support for the merger was healthy in the period between 1997 and 1999. 32 percent of respondents in the Royal Bank of Montreal, Research by Envision Research Group Ltd. of Toronto shows that in May, 48 per cent of people surveyed supported the merger, 42 per cent were opposed and 12 per cent were undecided. The view of the CIBC-TD merger was similar: 45 per cent in favor, 12 per cent opposed, 16 per cent undecided. In numbers that are more recent, a survey by the Harris Group published in July 2001, found that 50 per cent of respondents said they no longer supported the idea.

Publicly, McCreath is noted for always being the one going to take a lot of time and effort to get their messages across. "It's a difficult story for John & Public to understand," says Joe L. Breen, director of media relations for the Bank of Montreal. "It takes half an hour to even start to explain." Both the Royal and Montreal prefer to talk about the progress they are making in focus groups where they claim to be able to turn slogans into beliefs—some of whom, says Royal Bank spokeswoman Deirdre McCreath, have asked what they could do to help the banks spread the word. As to their public relations strategy, she says they are "giving information, not a census, not polls." "We don't poll because we want this to be a referendum," McCreath says. "We poll because we are interested in knowing what issues and questions are important to Canadians."

Private: other banking sources say they

DIVERGING MERGERS

Because the mergers are being paid for in stock, any substantial divergence in stock prices and market values of the banks since the merger announcements could potentially cause the deal to collapse. The chart shows the value of each company on the Toronto Stock Exchange.



Scottsdale's Goddard: leading the opposition to the mergers

are aware of that public support is shrinking—but they agree that, in the case of their own organization, it is a temporary setback that management takes in stride. The serious troubles, they claim, are occurring at one of the other banks. Respondents expressed surprise that H of M's Barrett may leave the organization by the end of the year; banking at National employees point to trouble brewing at the TD and CIBC, as the growth giant in the two companies' share prices—as well as upheaval in CIBC's US investment banking business—prompt TD shareholders to think they deserve a better deal. And a CIBC official complains that the high-profile approach adopted by Coughlin and Barrett is a source of the problem.

the need for global competitiveness and expensive technology, to moral pledges of increased small-business lending and employment—Canadians are increasingly unconvinced.

The most recent survey of its membership by the Canadian Federation of Independent Business shows that 68 per cent are opposed to the mergers. This month's CFIB survey will update the information and tell Swift what members think about Barcrest's recent promises to double the amount it credit the Royal and Bank of Montreal currently extend to small business. It's possible that this could end the approval ratings back up again. But Swift doubts it. "They have to recognize that the economic climate was very different back in January," she says. "Right now, our members are enough economic instability in the world. They are not interested in creating more."

But most Canadians, it seems, are not yet listening to either side. According to internal Royal Bank polls—the results of which spokesmen have at their fingertips when suits three—five per cent of Canadians are not even aware of the bank. The bank's want to know how much more it can do to get the public to know what to think, and 50 per cent are not aware of the Royal Bank's commitment to increase jobs and small business loans. "We haven't ever been very mass-market communications company," Moorhead says. "For people to say its failing apart before we've even started may just be painful thinking more than anything." There is, he says, absolutely no reason for supporters of the mergers to panic. "A lot can happen between one poll and the next," he says. "We have a great track record of communication, transparency and to turn today's doubters and detractors into supporters of our merger plans." □

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Deirdre McMurdy



Globalism wears thin

Not a trend has been more real than in recent years than the concept of globalization, which has dominated the agendas of governments and business alike. Driven by jargon and "strategic vision," investors have rewarded companies that have leveraged by letting them into international markets. Companies have also been pushed to expand their horizons by free trade policy and government-sponsored trade missions. But suddenly, the glamour of global commerce has worn thin. And there is a growing rift, and calls for controls on the movement of capital and government intervention at financial markets, that a renewed fondness for protectionism will further exacerbate the economic pressures already squeezing world economies.

As the pain of globalization intensifies, the risk of protectionism becomes the greatest danger

But its biggest danger is the return of protectionism. The United States is especially vulnerable because of a trade deficit that is edging towards \$500 billion (A\$1). Moreover, with other currencies devalued relative to the U.S. dollar, American producers of steel, petrochemicals, microchips, lumber and wheat have already begun to lobby Washington for protection against dumping. The political dynamics of trade may also be altered soon, possibly to the advantage of protectionists. The leader of the Democrats in the House of Representatives, will challenge Vice President Al Gore for the party's presidential nomination in the year 2000. One of the key planks in Gephardt's platform is expected to be a populist assault against free trade.

The United States is not the only country looking toward as the pain of globalization intensifies. East Asian countries have coiled up plans to introduce regional free trade. Several are looking toward as a luxury to most of whom are in the process. Russia is reviewing import controls and Latin American countries are eyeing the anti-dumping handwagon with keen interest.

In the private sector, companies that have been successful in the past are now scrambling to protect themselves against them. Many must now reconsider the costly mergers and acquisitions they have undertaken as part of a broader strategy to compete for business on an international scale. Already in the third quarter of this year, merger and acquisition activity was off by about 25 per cent from the same time a year ago. There is a good chance that several high-profile deals, such as the bank merger between Toronto Dominion and CIBC, will be cancelled or renegotiated.

A decline in globally driven corporate deals will further erode investor confidence because speculation and speculation have played a large part in driving the bull market. What is equally unsettling for companies that have relied on global jargon for so long is that they must now find a new management strategy. That is because in the foreseeable future, the principal global event on the horizon is a recession.



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Each of the four companies has committed publicly to fairness and full disclosure. It is our intention to communicate openly with eligible participating policyholders and to hold public meetings with them. You will be contacted by your company when specific plans are developed.

How do you receive more information?

For more information about demutualization, we invite you to call our Customer Service Centres during business hours Monday to Friday. Please have your insurance policy handy when you call, since the operator will need your policy number. You can also visit our demutualization pages on our web sites on the Internet.

The Federal Department of Finance is responsible for the regulations governing the demutualization process and has developed information for consumers on its website: www.fln.gc.ca



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FREEZING IN THE DARK?

An Alberta contract with its plans to deregulate its electricity-generating industry, Energy Minister Stephen West acknowledged that the province may be facing energy shortages this winter. West insisted, however, that the shortages will be kept to a minimum. The province is making arrangements with British Columbia for extra power, as well as asking businesses to limit their consumption during critical periods.

BROKERS DOWNSIZE

As the world financial crisis continued to large stock markets lower, investment dealers began laying off staff, the first significant cuts since 1991. The investment banking arm of the Canadian Imperial Bank of Commerce laid off 50 people in Toronto last week, following a cut of 27 people in its New York City office last month. The investment banking arm of the Royal Bank of Canada and Toronto Dominion Bank have also been shedding staff, and a spokesman for the Royal said more cuts are expected.

TELEPHONE MARRIAGE

Edmonton-based Plus Corp. and BC Telecom Inc., Canada's second- and third-largest telephone companies, remained silent and rumors they are discussing a merger. Board meetings at BC Tel, together with heavy trading in the company's stock, helped fuel the speculation. The industry has been anticipating a merger since last spring, when Telus failed to make a deal with one of its biggest rivals, AT&T Canada Long Distance Services Co. of Halifax.

CARD GROUPS SUE

The U.S. Justice Department announced Wednesday it is suing Visa and MasterCard, the largest credit card networks in the United States, on grounds they restrain competition and limit consumers' choices. Together, the two account for 75 per cent of credit card sales in the United States. It is the latest filed in federal court, the department challenged the past control of the credit card networks by the same group of large banks. The government also challenged rules imposed by both Visa USA Inc. and MasterCard International that bar banks issuing their cards from doing business with smaller, competing credit card networks.

Funeral firm hit by hard times

One of Canada's best known business success stories, funeral services giant Lowen Group Inc. of Burnaby, B.C., has opened closer to the financial precipice and analysts say it may soon be sold to a U.S.-based competitor. After months of speculation and falling share prices, the company announced that it would not meet profit projections for the second consecutive quarter. Lowen's, North America's second-largest funeral company, also said that a special committee of its directors, chaired by former prime minister John Turner, will look for ways to save the ailing company. The news hit the company's stock, dropping at least 30 per cent from Lowen's price in a single day. By week's end its shares had sunk to



Founder Lowen pushed aside

\$83.30, compared with a high of about \$40 in July. The firm had introduced speculation that Lowen, grossing under \$2 billion, may be sold to a rival such as New Orleans-based Stewart Enterprises Inc. Within 48 hours of the announcement, Manitoba-born chief executive officer Ray Lowen, 58, stepped down from the helm of the company he founded more than 30 years ago. Lowen, who holds 15.5 per cent of the company's shares, will become co-chairman with Robert Lusignea, a former chief financial officer who was named president from a recent reorganization, as well as taking over duties in North America in August and September.

Drabinsky wins one

Lawyer and entrepreneur Garth Drabinsky may be down but he is clearly not out. Though looked likely for co-founder of the rare production company Livnat Inc. last August, when an controlling shareholder Michael Onda counted Drabinsky and co-founder Myron Gashin, allegedly for irregularities in Livnat's books. Data on equipment that Drabinsky's lawyer Eddie Gertzenbach called

"a mortal blow" to Livnat management, Justice John Gauthier of the Ontario Court granted an injunction preventing accounting firm KPMG from delivering a report on Livnat's bookkeeping practices when Drabinsky was in the hot seat. The firm may have benefited its fiduciary duty to Drabinsky, the judge concluded, because it also acted as his personal tax adviser for almost 20 years. The report cannot be delivered to Livnat, the court ruled, until any conclusions about Livnat's books have been decided.

FINANCIAL OUTLOOK

The latest rise in better-than-expected reports that the Canadian economy earned 72,800 jobs in September, leaving the unemployment rate at 8.3 per cent. The dollar, which ended the week at 64.86 cents (U.S.), also got a boost from renewed optimism that Japan will aggressively trade in economic crisis, signs of stronger currency prices, and indications that the U.S. Federal Reserve Board's key lending rate will be lowered again.

For the fifth time in four weeks, major banks cut mortgage rates by up to

0.25 percent. At 6.75 per cent, the two-year closed mortgage rate is currently at all-time low of 6.7 per cent. Excess stocks and rising demand for bonds have pushed down interest rates. In financial markets, lowering the cost of borrowing for banks,

UNEMPLOYMENT
Percentage of jobs Canadians, seasonally adjusted

"Ontario accounted for almost all the net increase in employment, with 62,500 new jobs. This is the first substantial gain since April. New Brunswick and New Brunswick also posted strong increases."

—Statistics Canada
"This huge job gain is probably the final push for the labor market in view of sagging factory profits and lag declines in business and consumer confidence. Manufacturing employment is dropping like a stone."
—Nesbitt Burns



Peter C. Newman

The inside story at Newcourt Credit

Earlier this month, when the shares of Toronto/Newcourt Credit Group Inc., the world's second largest non bank financial institute, were in free fall, hourly rumors swept the boards. None were more disturbing than a story out of New Jersey, the American headquarters, that Steve Hudson, the firm's founder and CEO, had just been fired. Checking, Hudson recalls that as soon as he heard that particular rumor, he immediately phoned Newcourt board chairman David Banks, and jokingly asked, "David, is there something going on I didn't know?" Then Hudson adds, still laughing, "Though there was one moment when losing my job didn't seem like such a bad idea."

Banks, an American establishment type and an international finance expert formerly with the Chase Manhattan Bank, was chairman of AT&T Capital when Newcourt took it over a year ago. He entertains no doubts about Hudson's or Newcourt's future. "The tell-puppy theory certainly applies to Newcourt," Banks says. "Despite its success, people keep asking me, 'Can Newcourt really be that good?' And I tell them, yes, they are. That is a very disciplined hard-driving company that drives its earnings with intelligence and integrity and close to the user and its customers so it can. It's a formula that I'm impressed with. And it will prevail. Our results will calm people down."

That has so far not been the message of the stock markets. Having been up to \$7 in mid-October this year, which would be equivalent of an unrealistic 30 times earnings, Newcourt's shares were due for some correction. And they got it. At week's end, they were trading at \$3.80. "At that high level, the stock price was reflective of the company's growth," Hudson says, "but this volatile market doesn't recognize or want to pay for growth—or the fact that we've met or exceeded expectations in each of our past 12 years."

Another rumor claimed that Newcourt had lost the profitable leasing arrangement with Lucent Technologies, one of the biggest of the American high-tech firms. (Newcourt, among other things, provides Lucent—and Newcourt's other clients—with the financial backing needed to facilitate purchases by Lucent's customers.) Ironically, the very same day that rumor went public, Lucent and Newcourt executives were in Lucent's New Jersey offices, celebrating more than \$1 billion in business and a new five-year agreement to celebrate the renewal of their contract.

On Oct. 7, as if to underline Lucent's optimism, Intel, the world's largest chip maker, signed up with Newcourt to establish local IT financial services, which will finance future purchases by its members.

To counter the short-sellers' rumor-mongering, which had mercilessly battered not only the firm's stock but the value of its com-

mercial paper, Hudson last week tapped \$800 million from his line of credit. "We told investors that if they have any concerns, we would be happy to buy back their paper," he says, "but out of the \$1 billion we have outstanding, only \$165 million came back."

Despite the stock market's negative assessment, Newcourt is having a good year—second quarter earnings were up 70 per cent from 1993, partly because of higher European sales. "Global markets are down but not out," says Hudson. "China, for instance, remains one of the world's largest growth potentials, you just have to make sure you re-adjust the capital you put into that market."

Credit and risk assessment are at the heart of Newcourt's business. Hudson has successfully invaded the traditional territory of the chartered banks, competing toe-to-toe with most of the services they offer, but without being hampered by the expensive bricks and mortar of a branch system. In contrast to a traditional bank where a customer walks in and gets a loan to renovate his home or buy a car, in Newcourt's case, no office visits are needed. Instead, Newcourt agents visit the customer and arrange the financing on the spot. This formula has helped Newcourt become the provider for more than 300 smaller financing programs with blue-chip companies around the world. Simply put, they arrange financing to help companies and consumers buy everything from information technology and telecommunications equipment to Dell computers and Yamaha motorcycles.

Newcourt's use of secured, amortizing loans is the safest category of loans, because it avoids revolving lines of credit, which often cause problems. Newcourt's progress has been not so much rapid as consistent. The company was founded in 1984,

went public 10 years later, and in that same year completed its first major deal, becoming the preferred financing source of John Deere industrial and farm equipment, an arrangement worth an initial \$600 million. Business has expanded so fast that Newcourt now has lines of credit worth over \$4.5 billion secured by more than 35 lending financial institutions in Canada, the United States and Europe.

"I don't think it's over," says Banks. "This is a very skittish market and not all of the bad news is out of the woodwork. But there are also new opportunities. Spreads are widening and that will give us higher returns on investment, there are going to be undervalued situations that we can buy into, and most of all, this is when your customers really need you. Our greatest advantage is in the kind of customers we've picked."

And the hype and hysteria that has swept world stock markets, Steve Hudson and David Banks have an important message: that fundamentals are still fundamental. And that's good news. Eventually, sanity will prevail.

On the day it was rumored that the company had lost Lucent as a client, the partners toasted a renewed five-year deal

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Anxious investors hang tight

Remember how hard it was, in the heady 90s when mutual funds produced dazzling annual returns of 20 percent or more, to imagine the possibility of a loss? Sure, financial advisors usually gave starry-eyed investors the answer they wanted for risk: "Would you sell if your investment declined by five per cent? Twenty-five per cent? Fifty per cent? How would you react to negative financial news? Would you be scared? Or would you remain calm and definitely hold?" It was a seemingly endless ball game. It was hard to even imagine a decline in the value of mutual funds. But last week, as those stacks of investors began receiving quarterly statements reflecting the market's recent fall, the risk became only too real. "It's one thing to talk off the little box as a financial institution's scorecard indicating that you've got moderate or high risk tolerance," says Eric Kimerer, a University of Toronto finance professor. "It's another thing to live through a 28-per-cent market decline. It can scare the wits out of people."



Young: "The average little investor in the street is not panicking."

So far, fund holders appear unpanicked. "The average little investor in the street has not been panicking," says Duff Young, president of FundMentor.com Corp., a Windsor, Ont.-based mutual fund research company. "People are nervous, but take all their money and cash out? No, very few people want to do that." Of course, some investors are panicking. Following a summer of market turmoil, some mutual fund holders moved \$1 billion out of equity funds and parked them in safer money-market funds. For the first time in years, mutual funds—not including money-market funds, which some analysts now hope to bank deposits—showed net withdrawals. Then, in September, investors moved \$1 billion. But this time, about \$500 million switched from those money-market funds back into Canadian equity, bond and balanced funds, according to James Duncy, a senior analyst with the Montreal-based broker age firm, Lemayque Securities Group Inc. Many investors, he adds, withdrew another \$500 million out of money-market mutual funds, seeking sanctuary in more secure investments such as GICs. Still, these shifts represent only a

5% of the \$200 billion Canadian fund industry. Most investors, it seems, plan to hold their equity funds despite losses. "I am jittery," says Ann, a retired business manager in Edmonton, who with her husband, John, a small estate planning manager, is heavily invested in equity funds—mutual funds that invest in company stock. "I think they will go down a little farther but I'm not selling," says Ann, who prefers not to reveal her last name. "We looked at it initially as a long-term investment, so we're going to stick with it."

But the Alberta couple, both in their mid-

30s, have no intention of purchasing any more equity funds until the stock market shows clear signs of recovery. "They say, 'Things are low. This is when you should be buying,'" says Ann. "If there is going to be a global recession, what will happen to the market? How far down are we going to drift?" That investment advisers say is the scenario for investors—whether they should put any new money into the market. Duncy believes most fund holders are paralyzed by fear. "They don't know which way to jump," he says.

There is cause for the anxiety. "There's going to be a good time to buy down the road—but not now," says Katherine Bestie, a senior technical analyst with Standard and Poor's M&I in Toronto. The threat of a global economic slowdown, a weak Canadian dollar and disappointing corporate profits, she explains, are placing even more pressure on stock markets.

So what is a nervous investor to do? "Divorce yourself from market jolt and disappointment," says Ron Herbert, a senior analyst with Scotia McLeod in Edmonton. "Then after you are emotionally prepared," he suggests, "look at your portfolio." Herbert suggests grabbing investments such as emerging market and high-tech funds and concentrating on blue chips. He also warns against drastic action. "Even the good stuff has lost value," he says. "Don't follow the herd."

Some experts say new investors may proceed—with caution. "If I was starting out today," says the University of Toronto's Kimerer, "I would say, 'OK, what is the right mix? Twenty per cent equity, 30 per cent income and 50 per cent growth and I would implement it right away.'" Others recommend funds "A" level funds with a long-term good track record is a very good investment," says Bruce Cornett, vice-president of Borel, Goodman & Co. Ltd., a Toronto investment firm. One final bit of advice from Cornett: "The ball market is so far below that level that we have to wait until it gets back to 50. So far, statistics make many investors who are that view."

SHARON DOYLE DRECHER with INTRODUCTION CANADIAN in Toronto



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People

Edited by
TANYA DAVIES

A star-studded tribute to the Fab Four

How does a record producer facing retirement sum up a career that spans more than 700 recordings? If you are **Sir George Martin**, you instantly do—a Beatles tribute album. Even though he has recorded just as many classical artists and composers over the course of 48 years, Martin will always be best known for his work with the Fab Four. And when it came time to choose artists to perform Beatles material for the CD, the field was open to him. "My record company told me that I could essentially have anyone I wanted—I just had to ask them," recalls Martin, 72. "So I thought of all the people I really admire and got them on the phone."

The result is *My Life*, a collection of Beatles songs interpreted by such unlikely performers as **Robin Williams**, **Goldie Hawn** and **Sean Connery**. Martin says he chose **Celine Dion** simply because she is "one of our finest voices." Still, he had special instructions for the Canadian diva. "I thought she should do a simple, pretty song, not something dramatic," says Martin, who suggested *Free*, *There and Back Again*. "I told her I didn't want a big ending, which is uncharacteristic of her." For *I Am the Walrus*, Martin issued a different challenge: "I had to think of someone who could get their tongue around those strange lyrics," he recalls, "somebody who was crazy enough to do it." Another Canadian, **Jane Carr**, came to mind. "I wasn't even sure if Jane could sing," he says, "but I was delighted to find that she could."

With his final album behind him and admitting that his hearing isn't what it used to be, Martin—who was knighted in 1988—is now ready to pass the producing reins over to his 25-year-old son, **Giles**. And what does Sir George think of modern pop groups? "I'm rather pessimistic about it all," he replies. "I don't think anyone writing music today will be heard in 100 years' time. The Beatles might be."



Martin: a little help from high-profile friends

Ooh-la-la, that crazy Pierre

When **Lizette Boyd** was sending out advance copies of her new memoir, *In My Own Key*, **Pierre Trudeau** in *Love and Music*, she neglected to tell one to her ex-lover **Pierre Trudeau**—even though he figures prominently in her portfolio of romantic partnerships. "The Canadian columnist carried her name of famous admirers throughout her autobiography—she quotes **Jean YVES** telling her, 'Let's make love so there can get to know each other better.' But she deserves more attention—38 pages—in her eight-year affair with the former prime minister than any of the numerous other episodes in her book," *Told* said **Pierre** to tell him I was writing a book, and he said, 'Oh, I suppose I will be in it,'" recalls Boyd. "But I didn't tell him how much he was in it."

A native of London who immigrated to Toronto with her family as an eight-year-old, Boyd was already an international success

when, at age 25, she met Trudeau in 1975. "He did love me before he separated from Margaret," she maintains. "But there was no affair until after he separated from her. He didn't just jump into bed with me—it took a while." Boyd reveals intimate information about the former leader which will make many readers blush—or cringe at embarrassment for both Trudeau and the tabloid author. A piece of carpet in his bedroom had to be removed after couple was caught hiding a tryst. The two were taken to skinny dip in the pool at Sunset Drive—he once invited her mother to join them sans suit, but she declined. Trudeau and Boyd sometimes even socialized naked. "Writing about some of these things, I think, 'How could I have walked about a party naked?'" she says. "But that's the way it was in the '70s."

Now 49, Boyd still loves, and she has a new affair due later this month. She and her husband of six years, glass tycoon **Jack Simons**, live in Beverly Hills, Calif. Boyd says Simons is proud of her book, but adds with a laugh, "He did ask why I had two pictures of Pierre in the book and only one of him."



Boyd: nude photos with the prime minister



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The winning ways of 'Slats'



Glen Sather keeps the small-market Oilers competitive

BY ANTHONY WILSON-SMITH

It has never been enough for Glen Sather, the Hockey Hall of Fame member and Edmonton Oilers president, to simply win victory in complete only if he also has the last word. Some years ago, Sather asked his friend Red Fisher, the hockey writer for *The Gazette* in Montreal, to do him a favor that involved seeking historical documents in a Quebec museum for a property Sather had just bought. Because the project was quite time-consuming, Fisher told him, "That will cost ya." The suggested price was a gift by Sather to Fisher's aboriginal art collection. Three years later that commitment remained unfulfilled. Finally, at a National Hockey League meeting in Montreal that June, Sather asked Fisher to his hotel suite with about 20 other friends and colleagues from around the league. He handed Fisher a wrapped package in which an ornate frame was visible. When Fisher opened it, he found an 18½-by-24-inch photograph of a grinning Jim Neilson—a former NHL player and L.A. Kings coach—standing by his house, patting him on the head. Said a triumphant Sather: "You asked for an Indian painting, now ya got one."

The word, says Fisher, who describes Sather as "my absolute best friend," is that "the Sather birth always has to come out on top." Sather, who was inducted into the Hall of Fame "builders" category in 1996, says "Winning is something that, the more you do it, the more you just win it."

More often than anyone else in the NHL, the 59-year-old Sather, universally known by his nickname of "Slat," has done precisely that. Despite the constraints of a small market and a shrinking Canadian dollar, the Oilers have won five Stanley Cups, most recently in 1990. Now, as a new NHL season begins, the perpetually rebuilding Oilers are long shots to win the Cup, but they will likely supply more than a few spectators and be one of the most successful adversaries of any team in the playoffs. Last year they came back from a three-games-to-one deficit to beat the heavily favored Colorado Avalanche in the first round before being knocked out by the Dallas Stars.

The fact that the Oilers remain competitive—and stay in Edmonton at all—is largely due to the acumen of the team's president. "The people of Edmonton think Glen Sather walks on water," says Cam Cole, a sports columnist for Southern Bell, the about-to-be-launched *National Post* newspaper, and a former sports writer with *The Edmonton Journal*. "When you look at what he's achieved with limited resources, they are probably not wrong." And, says former Montreal Canadiens player and executive Serge Savard, another Hall of Famer: "Glen is a guy who makes something out of nothing, in hockey or elsewhere. You watch him and are the wisest man in the room."

Sather has guaranteed the art of doing the most for the least. His policy has been to blend lower-priced youngsters, returned now on the downside of their careers, and a handful of top-level players such as captain Kelly Buchberger and defenceman Bryan Hnabicki. One of the Oilers' only stars, centre Doug Weight, is a holdout, and Curtis Joseph, the team's standout goaltender last year, signed with the Toronto Maple Leafs as a free agent in the off-season.

And if Weight's only offer remains an Oiler much longer, Sather has a history of finding expensive stars for younger, cheaper talent—as evidenced in the offseason 1996 swap that sent Wayne Gretzky and Marty McSorley to Los Angeles in return for four players and \$18 million. That and other deals were often made with an eye to former owner Peter Pocklington's parlous financial situation. "It really killed us when that team got broken up," said Kevin Lowe, a key member of

that dynasty who later played for the New York Rangers and is now an assistant coach with Edmonton. "But over time, we understood that Glen was only doing what he had to under the circumstances."

One measure of Sather's eye for talent is the manner in which the Oilers won their 5th Cup in 1990—two seasons after trading Gretzky. Sather swapped Jimmy Carson, who had been acquired in the Gretzky trade, to the Detroit Red Wings for four youngsters, three of whom played a key role in winning the championship.

Late successes at SBC, teams in Montreal, Toronto, Ottawa, Calgary and Vancouver. Sather believes that Canadian franchises will not remain viable unless the federal and provincial governments provide some form of assistance, such as tax relief. "It costs me \$14 million more a year than the American teams to operate before we even take a step onto the ice," says Sather, citing such figures as higher gas prices for air travel, higher tax rates, and the budget fluctuations caused by having to pay his top executives in American dollars. "I consider myself not drained these days for Canadian-based players. This is a House of Commons committee chaired by Liberal MP Dennis Mills to present a report with recommendations as to whether—and if so, how—the federal government should help professional sports franchises. Says Sather: "Something has to be done. I understand why people don't like the idea, but we can't let hockey be chased out of Canada."

Sather knows that managing credibly in several corners. He is an unapologetically patriotic Canadian who has reduced several overtures from American teams that would have paid him for more money, and given him a much bigger budget. "I have been proud to represent my country internationally, and I've always told hockey players how blessed they are to play here," says Sather. "It wouldn't be right if I didn't live up to that myself." He has played key roles coaching or managing Team Canada in most international championship series since 1994, working long hours for no pay in addition to his regular duties.

Those days, Sather himself is aptly the biggest star of the Oilers franchise these days, with a flamboyant style reflecting that of the province in which he lives and was born. As a hockey player he was a journeyman forward who survived for nine years in the NHL, playing for six teams, on a combination of ineptness, hustle and street smarts. His one season in Montreal in 1973-74 was enough to inspire many people, including Saveri and Sam Pollock, the legendary general manager. "Glen was not the most talented guy on the team, but he was probably the most popular," says Saveri. And Pollock told any one who would listen that Sather had the necessary qualities to be a successful coach. Partly as a result, Sather was offered the coaching job with Edmonton in the World Hockey Association in 1977. The Oilers signed Wayne Gretzky that year and moved to the NHL the following year.

Across the NHL, stories about Sather's own backsliding talents and larger-than-life personality are told with emotions ranging from awe to affection to outright annoyance. Author and broadcaster Peter Gosselin, in his scintillating 2001 book on the Oilers, *The Game of Our Lives*, wrote of Sather: "Competence thrives through everything he does. On airplanes he plays hard poker for the price of a hamburger, at restaurants he turns the negotiation over who will pay the bill into a complex game of guessing numbers. Like most competitive men, he enjoys the contest almost as much as the victory."

On and off the ice, Sather, born in High River, Alta., has been a self-made success. His mother worked in a clothing store, and his father was a carpenter. Today, Sather has been married for 28 years, he and his wife, Anne, have two sons,

Jeffrey, 35, who runs a company that ships beer-of-the-month choices across Canada, and Shannon, 32, who is president of a company that markets manufacturing equipment. As rival hunter and fisherman who play an active role in the life of his beloved black Labrador dog, Spike, Sather keeps one large room in his Edmonton home devoted to his hobbies. Both sons play of hockey recreationally. Sather, who is still within five pounds of his original playing weight, plays in charity event games about a dozen times a year.

Although he will not say exactly how much he is worth, Sather is a millionaire, many times over. His holdings include extensive real estate and several luxurious concrete across Alberta. Sather describes his immense second home in Banff as heritable as tears. When Pocklington owned the team, Sather was rumored to hold a five-per-cent share, but has refused to comment on that. Sander, also a millionaire from his real estate portfolio, jokes that "Glen could keep my holdings in his back pocket for small change."

Sather is easily the best and most impetuous dresser among other players or executives in the NHL, his perfectly cut suits are tailor-made. His taste in cars runs to Porsches, and one former player says that "the only time I was ever sure that Glen was truly upset and not taking it was when somebody would throw a skate blade over one of his shoes and wreck the finish."

Sather's close associates say he is more complex than he seems—and arouses equally complex reactions. As a coach, he was famous for his mood swings, although there was always a suspicion that they were staged to fit the moment he could shift from relaxed humor to high-decibel profanity in a split second. His detractors, including some rival executives and former players—describe him as arrogant, condescending, and ruthless in the way he seeks to the upper hand. Even those whose bonds with Sather are tight and long-lasting acknowledge some evidence of these characteristics.

Today, Getty's near 10-year-old son has resumed his friendship with Sather. The two speak regularly on the telephone, and Sather, who says the Getty's live "two my toughest day in the business," says they see each other whenever possible. As a teenager, Getty roomed at Sather's house. But in his 1980 autobiography Getty's hockey's biggest legend had some harsh words about Sather. He criticized the manner in which Sather sometimes tried to motivate him by publicly embarrassing him, and suggested Sather mistreated him when he claimed not to have known of the trade in advance. And, he said, in a general manager Sather was sometimes "aloof" in the way he tried to motivate younger players without their agency in order to get them to settle for less money in contract talks. Those unbalanced feelings were shared for a while by many of the players who starred on Edmonton's Cup-winning team and who were then traded away because of cost considerations. Players such as Mark Messier, Paul Coffey and Gretzky had contemplated their coach's motives both on and off the ice. "Sather took them from the bottom and taught them things like how to dress properly, how to behave courteously towards women, and what to do and not to do in a formal dinner," says broadcast journalist Bob McKenzie, who in the mid-1980s spent parts of two seasons traveling with the Oilers while making a documentary on them. "When he traded them, it was like a father kicking his kids out of the house." Sather virtually banned Coffey out of Edmonton so that Coffey eventually went to Pittsburgh for less than Edmonton was offering

Says Lowe, "The guys were just heartless about anything that would have broken us up as a group. That was what was so hard; if you talk to Glen or Messier or Coffey today, they'll tell you that in their hearts they'll always be Edmonton Oilers." Sather concedes that after making the trade, "My great curse to wonder how many Stanley Cup wins might have kept us winning if we could have just kept it together."

Sather's numerous charitable figure (under \$100,000) has his spectacular hours in his spare time working with charities and community groups across Alberta ranging from junior scholastic organizations to a helicopter rescue service. Fisher, who has covered the NHL for more than four decades, recalls that in 1984-1985 he became ill during the semifinals, and, for the first time, missed the finals—in which the Oilers were playing the Philadelphia Flyers. Sather then contacted, telephoned Fisher every night before each game while the teams contested warpage. When the Oilers won, Sather called Fisher from the dressing room and got Gretzky, Messier and other players to speak with him.

Along with those qualities, one of the great lingering images in the NHL is of Sather as an incorrigible practical joker. There was the time when he, while a player, lost several teeth in a game and mailed them to Sander—because Sander had once threatened to knock them out. And the time Sather ruined the busts of his friend, Boston Bruins president Harry Sinden, after Sinden caught the biggest fish of his life on a trip to the Arctic. "Harry's gonna tell you he caught this fish he's mounted in his office," Sather told several Boston hockey writers. "Don't believe him; I gave it to him to make him feel good." The story appeared in several newspapers in that fashion, to Sinden's despair.

Last year, Sather trapped Fisher again. Years before he had promised to give Fisher a copy of an Oilers Stanley Cup ring as thanks for another favor Fisher had done for him. But when Sather finally produced the ring, instead of conferring a diamond, it had a non-sporting reason. Fisher noted that the deal would not be considered complete.

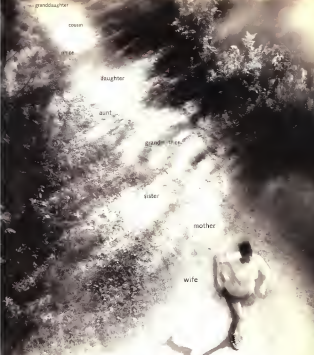
This year, a newly wrapped package arrived at Fisher's home. Inside was the ring, with a glittering stone—and a letter on the stationery of an Edmonton jewelry store that stated that the stone was worth \$36,000. Fisher was thunderstruck until he showed the letter to his wife, Tillie. His excitement vanished when he realized it was signed by a "Mr. Jan Rocking (R.S.)"—and that Sather had done him in again.

For one of the few occasions since moving to Edmonton more than three decades ago, Sather threw down in at least slightly creative about his future plans. After Pocklington said the team in a local business group last spring, Sather agreed to stay on, but made clear he will continue only if he remains in charge of all major decisions. He hints that, for the first time, he might consider moving to another franchise, saying "it wouldn't be appropriate right now to leave these people, but eventually, all things are possible."

But longtime associates doubt Sather will go anywhere else soon. "I think he just likes to live a very quiet life across the river owners," Sather says. "I think he's got a lot of things going on. Sather remains the same kind of figure who showed his way into the NHL with Boston in 1965. A hard result that when the Oilers won their first Cup in 1984, then NHL president John Ziegler made his way into the dressing room after congratulations. Ziegler, a demure, formal figure, politely asked Sather "Now that you've won this, what's the first thing you plan to do?" Said Sather without missing a beat and drawing out the words in a drawl: "Jawwonn, I'm gonna go out and give!" He has not stopped since. □



Sather (left) with Getty's son says that Sather has resumed his friendship with Sather. The two speak regularly on the telephone, and Sather, who says the Getty's live "two my toughest day in the business," says they see each other whenever possible.



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Test your politics here

In the world of schools, for as long as most of us can remember, autumn has been a season of hope—of new books, new beginnings, new ideas. February might bring less, less lusting—but autumn is virtually preordained to bring with promise. And for the 200 Grade 6 students who trudged up the narrow stairwell of the Eppay-Hanning Educational Clinic in downtown Toronto last week, hope was still burning bright. Well, just tonight, they sat in concentration groups upgrading their reading, writing and arithmetic. Many had been doing so on a weekly basis since March, working right through the summer—all to the same goal: in the next few months, they will sit the Secondary School Admission Test (SSAT), for which they will be expected to grasp, among a host of things, Grade 6 math and the fine art of test-taking. All are being processed for the sharp-elbow race for a seat in a private school. Some will make it, others will not.

A game of musical chairs for the wealthy? Hardly. What remains for these children is a season of hope, born of a profound discontent on the part of their parents. Sick of being held hostage to an antiquated system, many are feeling schools they can no longer believe in. What they reject in theory—a fight to the world of kids, lies and bladders—they can no longer reject in reality. Push has come to shove: they're looking for standards, accountability, small classes, a sense of purpose for their children. And for that opportunity, many are willing to pay. Paid using money that had been set aside for university, now lighting on a second job, forgoing a house, a car, travel.

Good schooling is the new luxury, and across the country, parents are beating down the doors of established schools—and building a vibrant cottage industry in new ones. This fall, Hallow Grammar School has had to lease space from St. Mary's University to deal with the demand. Lower Canada College in Montreal reports a tripling of its applications since 1994. Collège de la Sainte-Vierge in West Vancouver had 450 applications for its 80 new spots this fall. Says John Munro, headmaster of Hallow Grammar School: "Every parent who comes to us is a dissident. They wouldn't be here if they hadn't given up on the public schools."

Witness the scene at one North Toronto public school. Last week, parents at Lawrence Park Collegiate Institute came forward as an alarming fact: students with an average of 50 per cent would be exempted from writing June exams last year, the cutoff was 70 per cent, and some parents had been lobbying for an increase to 80. The School Council—composed predominantly of parents—drafted a letter of protest to Education Minister Dave Johnson. Lamented one parent: "What

have these kids done? They're public schools are rebranded? Public believes he has the answer, and the proof is about to be unveiled. The formula is a simple one: with the right external support, innovative change can be implemented in any school, at relatively little cost. Discouraged teachers can be retrained, and their energies unleashed for meaningful reforms. Since 1989, that theory has been tried—down in a \$5-million pilot project, funded by the Walter and Duncan Gordon Foundation. To date, 30 secondary schools have taken part in the Manitoba School Improvement Program (MSIP), all having agreed to develop innovative solutions to a specific problem confronting their students.

Take Glenora Collegiate, where a large proportion of students were falling through the cracks. These were kids who wanted earn their job at Wal-Mart but were not headed to university—and saw no relevance in school. Glenora's challenge was to turn the lights on for all students, and to that end they developed a multi-grade advisory system. Each student was paired with a staff member of their choice—think To Sir With Love, Westside. Goals were used to shape new curriculum, train teachers in new skills and up use professional support; the teachers formed a process of goal-writing and assessment. Staff were encouraged to stay accountable, but also risks, students thrived. Says Maureen Zimmerman, MSIP's program coordinator: "They changed everything that went on to that building. Strengthening high schools is not for the faint-hearted, but teachers can make changes in a catalytic environment."

Next week, MSIP will unveil the results of high-school improvements at 22 of the schools. Here's the good news from Glenora: Since 1992, the school's graduation rate has increased by 45 per cent. At the same time, they will announce an expansion of the project into rural and northern Manitoba—and there are hopes to take it to a national level. "Part of the message of private schools is quality involvement," says Zimmerman. "And the only way that parents will see their confidence back is to be shown results." Welcome to the season of hope.



Private school class: are public schools reinvigorated?

kind of message does this send to our kids?"

That parent is determined to stick it out in the public system—and is weathering the introduction of Ontario's new parent councils. As part of it, she will witness, firsthand, the downloading of responsibility to her local group. "It's brilliant politically," says Heather Jane Robertson, author of *No More Teachers, No More Books: The Commercialization of Canada's Schools*. "Parent groups get to deal with all the tough questions, such as how do you do better with less money? Education becomes their responsibility—and they're only allowed while their child is in the school."

What happens when the battle-weary flee to private schools? The public system loses not only the child, but the parent as well—

their voice, their energy. Robertson raises the possibility that this may be exactly what many governments want, leaving only the least powerful in the system. The "bricks-layers"—as one corporate leader called active parents—are the ones they would be all too happy to lose. Michael Pollan, dean of Ontario Institute for Studies in Education of the University of Toronto, warns of the larger consequence: "Many people, from John Kenneth Galbraith to John Robinson Sall, have argued correctly that you can't have a viable democracy without a viable public school system. The weaker the system, the weaker the society."

Have there been any public schools rebranded? Pollan believes he has the answer, and the proof is about to be unveiled. The formula is a simple one: with the right external support, innovative change can be implemented in any school, at relatively little cost. Discouraged teachers can be retrained, and their energies unleashed for meaningful reforms. Since 1989, that theory has been tried—down in a \$5-million pilot project, funded by the Walter and Duncan Gordon Foundation. To date, 30 secondary schools have taken part in the Manitoba School Improvement Program (MSIP), all having agreed to develop innovative solutions to a specific problem confronting their students.

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AIDS patients are living longer

AIDS deaths in Canada have dropped almost 80 per cent from a high of 1,369 in 1995 to just 288 last year, according to new statistics from Health Canada. And recent Marie Wainberg, president of the International AIDS Society and director of the Medical University AIDS Centre in Montreal, says the health system deserves as much credit for the drop as the introduction of drugs called protease inhibitors. The new drugs, taken in combination with other AIDS-fighting medicines widely available in 1986, "have done their job and have enabled many thousands of people to live longer, and have a better quality of life than would otherwise be the case," he said. But in the United States, the drop in AIDS deaths has not been as dramatic. That, Wainberg notes, is because in some U.S. urban centers, many people with HIV—the virus associated with AIDS—"do not have access to the same types of quality care that we have come to take for granted." Still, the 47 percent decline in U.S. AIDS deaths last year, following a similar decline in 1999, pushed the disease out of the top 10 causes of death in the United States for the first time since 1990.



RAISE A GLASS OF MILK:

In a breakthrough that raises the possibility of treatments for a range of inherited problems, researchers in New Zealand have developed a one-dose pill to cure rats of lactose intolerance, the world's most common genetic disorder. "This brings gene therapy one step closer to the clinic," said molecular biologist Matthew Darling (left), leader of the team at the Auckland School of Medicine. "This research makes it feasible that we could give the gene therapy orally—in a pill." By attaching a gene responsible for the production of a lactose digesting enzyme to a virus found naturally in the stomach of rats, the researchers were able to eliminate lactose intolerance with a single oral dose. (The magnification of a rat's intestine shows the introduced genetic material in blue.) An equivalent for humans could follow within a decade. Now, say Darling, the search is on for genes that could help treat diabetes, obesity, hemophilia and, possibly, muscular cancers.

Relating early deaths to pollution

About 16,000 Canadians die prematurely each year as a result of air pollution and global warming, according to a report commissioned by the World Wildlife Foundation, a Vancouver-based environmental group endorsed by the Royal College of Physicians and Surgeons and other health groups, the report suggested that one in 13 deaths in Canada is caused by environmental problems. By 2020, it predicts, about 700,000 people worldwide will die prematurely each year—mainly from congestive heart failure or respiratory diseases—as a result of air pollution. "These people are dying, and it's directly attributable to the burning of fossil fuels," said Jim Patton, ex-

ecutive director of the foundation. In another report last week, from an environmental watchdog set up under the North American Free Trade Agreement, Ontario maintained its ranking as the third worst polluter among provinces and states. Only factories in Texas and Louisiana reported producing more hazardous pollution in 1995 than Ontario. Alberta ranked 13th and Quebec 15th on the list.

Mercury rising: health risk

Concentrations of mercury—a chemical that can cause birth defects and brain damage in animals and humans—are rising alarmingly, a Canadian scientist has warned. David Schindler, an ecology professor at the University of Alberta in Edmonton and one of the world's leading experts on freshwater pollution, told a Los Vegas, Nev., scientific conference that mercury levels in many ocean and freshwater fish are only slightly below levels set by Canada and

U.S. regulators, and called for efforts to force a reduction of mercury emissions from "smokestack sources," the burning of coal. Environment Canada scientists reported last month that high blood levels of mercury were affecting the ability of loons in Eastern Canada to repel and hatch their eggs. Schindler said acid rain, climate change and other factors may be combining to increase the amount of mercury circulating in the environment.

Smoke and birth weight

Pregnant women who are exposed to secondhand cigarette smoke risk having babies of below normal birth weight, according to Swedish scientists. In a study involving 872 women, researchers in Malmö found that 80 per cent of the women whose babies were below average in weight were routinely exposed to secondhand smoke during pregnancy. The researchers, whose findings were published in the *American Journal of Public Health*, said exposure to secondhand smoke early in pregnancy more than doubled the risk of having a smaller than normal baby, and secondhand smoke exposure combined with active smoking by the mother further increased the risk. Earlier studies have linked smoking during pregnancy with low birth weight, sudden infant death syndrome and other problems.

Justice

To gag or not to gag

It was a story largely relegated to the inside pages of the nation's newspapers—and with good reason. The Supreme Court of Canada last week heard an appeal of a newspaper's 11 C. case. Identified only by the pseudonym *John v. Smith*, the case has been subject to a gag order that prohibits publication of anything apart from the fact that it deals with expert opinion and whether such opinions are subject to certain confidentiality rules. Responding to a challenge launched by Southern News of Toronto, Canada's top court did, however, make one concession: unlike the lower courts, it allowed reporters to attend its hearing, even though they could not report on it. To report on it, Stephen Kamber, director of journalism at the University of King's College in Halifax, says differences are the



Rogers (left) with lawyers, are judges too quick to ban reporting?

logical—if extreme—result of the Canadian legal system's penchant for imposing publication bans "as a punishment," he says, "but also to inform the public. If the courts create a situation where you can't do that, it

seems to me to be a hypocritical waste of time." The mystery surrounding *John v. Smith* contributed to a growing debate over when Canadian courts should be allowed to restrict the media. In several recent high-profile cases, judges have readily agreed to restrict press access to the Criminal Code to limit how much reporters can rely on what goes on in their courtrooms. In most instances, the gag order was put in place at the pretrial stage to protect the rights of the accused to a fair trial. In certain exceptional cases—including *John v. Smith*—such bans may also extend to the trial stage. In sharp contrast, the U.S. Supreme Court has repeatedly reaffirmed the constitutional guarantee of freedom of the press—and declared that criminal defendants must be kept in the public domain of evidence since a high burden of proof to make their case.

The two systems collided dramatically only this month when Noah Argente, a well-known New Brunswick native leader, appeared in court in Miramichi, N.B., on a charge of second-degree murder in connection with the Sept. 12 shooting death of Bruce Boudreau, 41, a resident of the nearby Tel Grand

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JUSTICE

First Nation. But even before the court hearing, New Brunswickers had been inundated with details from a document that the RCMP filed with Florida authorities in a bid to extradite Augustine and Thomas Haddad, a community police officer charged along with him. The RCMP statement, surfaced a narrative for murder as well as the alleged movements of the accused before their arrest, was available to the media for the asking from the Florida District attorney's office.

In provincial court, Augustine's lawyer, Gary Miller, urged Judge Andrew Symes to impose a sweeping publication ban as evidence, citing the need to clamp down on "the muckrakers of this world." Normally, such a prohibition would not be sought, or approved, until either a bail hearing or a preliminary hearing into the charges. But Symes agreed to "err on the side of caution" and grant the ban. Outside the court, Miller lectured a group of reporters. "That old building over there is a courthouse. That's where we try cases in this country."

Publication bans have also loomed large in the case of former Nova Scotia premier Gerald Regan, who faces nine charges, including rape, attempted rape and unlawful confinement. One of Regan's trials is set to begin in Halifax on Nov. 2. (The trial involves his role last year when he was charged with a two-year jail sentence. In addition to the usual ban on evidence, Nova Scotia Supreme Court Justice Michael MacDonnell also forbade publication of any accusations of wrongdoing by Regan or evidence or submissions by counsel that allege systematic abuse on the part of the Crown, the police or the defence counsel. The media's silence was to avoid a repetition of the Regan preliminary hearing, which saw defence lawyer Edith Greenman and Crown attorney Adrian Reid constantly trading acerbic barbs in the courtroom. The media, with not much else to report, glacially published these exchanges.)

Recently, Greenman and Reid stopped lecturing long enough to argue in favor of the extraordinary publication ban. According to Reid, who is writing a book on the Regan case, it was a case of two lawyers saying "please shut us up because we can't shut ourselves up." Reid says the episode only real fear of his opposition to publication bans, which he feels courts are too slow to impose. "Justice is often messy," he notes. "But we should err on the side of openness."

That is the American way—and it is one that few in Canada's legal community are eager to adopt. "I prefer our system, primarily because I believe in the rights of an accused to a fair trial," says Joel Pelt, a prominent Halifax defence lawyer. Echoing Miller's sentiment, Pelt adds "Let's not try these cases in the press. Let's do it in the courtroom, where it's supposed to be."

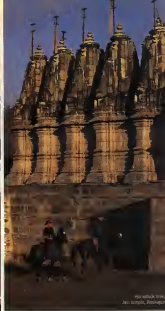
BRIAN HOGAN in Halifax



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Books

Flash and trash

How did the news get to be so sensationalized?

**TRIVIA PURSUIT:
HOW SHOWBIZ VALUES ARE
CORRUPTING THE NEWS**

By *Katharine Nash*
(McClintock & Stewart, 240 pages, \$26.95)

**SPIN CYCLE: INSIDE THE CLINTON
PROPAGANDA MACHINE**

By *Howard Kurtz*
(The Free Press, 328 pages, \$25)

Whether the issue is President Bill Clinton's sexual antics, former prime minister Brian Mulroney's expensive personal tastes, or the life and death of Diana, Princess of Wales, journalists often seem more interested in what is sensational than what is relevant—or accurate. As Katharine Nash writes in his excellent new book, *Trivia Pursuit: How Showbiz Values Are Corrupting the News*, journalists are "in trouble because of its current obsession with entertainment and gossip." Often that is especially true of the media covering the hushed questions of power, as *Spin Cycle: Inside the Clinton Propaganda Machine* makes clear. Writing for *Washington Post* media critic Howard Kurtz, it looks at the relationship between the White House and the reporters who covered it before and during the latter involving Clinton and Monica Lewinsky.

The images are unflattering to both sides. Nash's book examines the flaws and blunders of contemporary journalism while ignoring a number of virtues. Few of his solutions are new, and some of the anecdotes are shopworn, but the book's drawbacks are far outnumbered by its virtues—which include clean prose, common sense and a welcome sense of perspective. Nash, 70, now semi-retired after a distinguished career in print and broadcast journalism, never succumbs to the media's guide for supposedly better days. In a chapter on the history of news reporting, he notes that "as in Roman days and as in the case to day, there was censorship in the Middle Ages about too much sensationism." He quotes England's King Richard III, who in the 1400s denounced "the telling of tales and idling words whereby the people might be stirred [and] to commotion."

Nash is refreshingly clearheaded in discussing the potential journalistic benefits and shortcomings of the Internet. The principle criticism of online journalism is that any fact or rumor can now be made instantly available around the world by anyone with a computer and modem, without verification. That is undeniably true. *American media* maverick Matt Drudge admits that he has no way of substantiating the material that appears in his widely read *Drudge Report*. But,

Nash is argues that soaked-up journalism has been around since ancient times

as Nash points out, the same criticism was leveled by print journalists a early radio and television broadcasts—and broadcasters are now part of the assault against the Web. No established media, he argues, have clean hands when it comes to doctoring news, so it only in this century, many newspaper editors filed by foreign correspondents contained more fiction than fact. American correspondents in the Spanish American War, for example, routinely filed gory descriptions of battles that never took place. Television reporting has a shorter, but equally agonizing, past.

Nash argues that sensationalism exists because that is what the audience wants. Americans may say the media are over-emphasizing the Clinton sex story, but ratings increases for all-news networks covering the scandal suggest otherwise. "It is too easy to put all the blame on the media," Nash writes. "The public must have to share the blame." Anyone who reads Kurtz's *Spin Cycle* may conclude that the use of the Clinton White House and press corps there is a lack of interest in presenting an unbiased picture of Washington political life. The White House wants to package the President "in a way that people would buy the product," writes Kurtz. He adds that the press corps is "interested in conflict, in behind-the-scenes maneuvering, in pulling back the curtain and exposing the darker mechanisms of the Clinton crowd." To achieve their ends, White House officials delay, deny and mislead. In return, some journalists threaten to—and do—give stories a negative slant if they are not, for example, given a deadline.

The obvious question for Canadian readers is whether a similar relationship exists between the parliamentary press gallery and the office of Prime Minister Jean Chrétien. At least some people on both sides would suggest that it does—but in less obvious and as generous ways. And that brings up another point made by Nash in both *Washington* and *Trivia*, it used to be common practice for government ministers and journalists to meet for long off-the-record discussions to become better acquainted. Today, that tradition is increasingly unacceptable, and when it happens, it often seems as a sign that a journalist's views are accepted by politicians.

Nash argues that some qualities have been lost with that change: reporters are less well-informed and more likely to view politicians as adversaries rather than neutral subjects. As Nash and Kurtz both point out, the media now often try to put the government's agenda rather than simply report it. One result may be that while the public does not like the media, they appear no more fond of the journalists who report on them.

ANTHONY WILSON SMITH

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CALLING ALL HONORABLE CANADIANS



Maclean's 13th annual Honor Roll of 12 Canadians will appear in the December 21 issue, or sole on December 14. Readers are invited to submit nominations with testimonials of 50 words or less. To be honored, candidates must be Canadian citizens whose contribution to the life of the nation in 1998 is worthy of special recognition.

A panel of editors seeks candidates, famous or not, from a wide variety of fields with only one exception: those engaged professionally in politics.

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ENTRÉE FIRST LADY TO CANADIANISM

Books

Narrative knockout

A boxing novel lands a killer punch of insight

SAVE ME, JOE LOUIS

By M. T. Kelly
(Stoddart, 314 pages, \$27.95)

Literary history can be a very instructive thing—a reminder that fame and excellence do not necessarily go hand in hand. Some of the most high-profile writers of the past are now forgotten, while others who were obscure in their time—Herman Melville and Emily Dickinson are prominent examples—are now seen to have been the true achievers. Toronto novelist M. T. Kelly may be another of the tragically overlooked. Except for his 1987 novel, *A Dream Like Mine*, which won a Governor General's Award, Kelly's best work has rarely received the attention it deserves. His 1995 novel, *Out of the Whirlwind*, was publicly reviewed by critics apparently blind to its hallucinatory evocation of Canada's North, depicting reality through a way of evoking terror by showing a landscape in detailed close-up, as if through a child's troubled, distorted gaze.

Now, with his latest and best novel, *Save Me, Joe Louis*, Kelly has evoked the spirit of boxing more memorably than any Canadian ever has. Drawing on his own, boyhood in Toronto's rough Parkdale district (he lived as a promising amateur), Kelly has fashioned a story of such poignancy it opens a window of recognition. At the centre of this small master piece is a gifted teenage fighter, Robbie Blackstone. His father is dead, and he shares a one-bedroom apartment with his mother. Lucy, an intense, twilight blond who sometimes seems more abused with painting her toenails than with Robbie's well-love. Robbie is also surrounded by warlike fathers—including his father, his mother's boyfriend and a former boxing star—whose profound concern for him will bring them back by a desire to break in his success.

Not all the fights in the novel happen in the ring. Kelly's theme is human conflict in its thousands of subtle varieties: he shows how a look or a spilled drink can be as ruinous as an opponent. The book humbly captures the soul, white-bellied claustrophobia of working-class Toronto in the 1960s, a



Kelly: a small masterpiece about human conflict

world where hunger of various kinds has made people secretly, agonizingly desperate. By contrast, Robbie's chosen blood sport has something clean and honest about it: though it is by no means pretty. When he delivers a head blow, there is a sound, Kelly writes, of "wet slat plates sliding, held together by the glue of life."

Except for the fights themselves, which are brilliantly evoked, the novel largely achieves obvious drama in favor of a slow accretion of events that trace Robbie's growth towards independence. The pacing of the 514 20 pages staggers at times, while occasional passages seem extraneous. Yet, as it says, Kelly's evocation of the natural world outside the city—particularly qualities of light—are breathtaking, while the climax is as delicately understated as a tap from a glove. And finally, the whole tale is conveyed in a prose style that subtly evokes the glimpsed, mysterious depths beneath their rather ordinary lives.

JOHN HEMMROSE

BOOKS

Beleaguered brothers

KISS OF THE FUR QUEEN

By Thomas Highway
(Doubleday, 310 pages, \$32.95)

The Trickster has always been a strong, mercurial presence in play-wright Thomas Highway's best work. The mythological figure—known in Highway's native Cree as Wewageewechuk—as an embodiment of some people's complex, fatalistic, good-humored adaptation to the harsh realities of their lives. In 1986, Highway caught the Trickster's spirit in his first play, *The Fur Queen*, a hilarious depiction of several native women on their way to a monster bingo lottery in Toronto. Three years later, he depicted Wewageewechuk in his award-winning hit drama *Dry Life*. *Outlets* Move in *Kapashowag*, which blended tragedy with outrageous comedy. And now in his first novel, *Kiss of the Fur Queen*, Highway has tried to tap the Trickster's marvellous sense of how a tale that echoes his own, often troubled, voyage from the Manitoba bush to national fame.

The story begins in 1931, when a native man, Abraham Okanema, wins a major dog sled race, and as part of his reward is named by the winner of the local beauty pageant, the Fur Queen. It seems to be a rhapsodic, powerfully transgressive experience, involving a spirit-child who nine months later is born as Abraham's son, Chapiyon. In another three years, another baby, Gwemewetso, also arrives. The brothers turn out to be highly talented. Chapiyon, working as a musician and later a writer, Gwemewetso as a dancer. Their idyllic life in the bush ends when they are sent to a residential school, where their names are changed, and the Gwemewetso, now Gabriel, is sexually abused by a priest. The rest of the novel follows the boys in



Highway: strong humorist

Wewageewechuk as they struggle to forge artistic careers. Ultimately, Chapiyon—now known as Jeremiah—struggles to play the Trickster, just as Thomas collaborated with his real-life brother, Rene, a dancer who died of AIDS in 1990. Throughout their adventures, the two cherish a photo of their father being issued by the Fur Queen at a Gabriel's belief that she is an embodiment of the grotesque Wewageewechuk, and that she is always watching over them. That may be so, but her presence in the novel is disappointingly erratic. At times, Highway writes from his strengths as a humorist and satirist. His choice of characters' names is often delightful: one old native woman is called Petrusse Lavoie. But his characters are too simplistically drawn for the more serious and realistic mode he tries to adopt for much of the book. His depictions of the boys' confrontations with racial prejudice and the homosexual underworld Gabriel enters have a certain sociological foreboding. If only he had lowered such passages with a Tricksterish subtlety.

JOHN HEMMROSE

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Music

'Silvery gossamer robe of sound'



Lamon leading world-renowned Tafelmusik into its 20th season of European music

BY DIANE TURBIDE

Jeanne Lamon was addressing the fifth of Toronto's Trinity-St. Paul's United Church. But far from delivering a sober sermon, the musical director of the Tafelmusik Baroque orchestra was talking about life here. She noted that the Tafelmusik piece her ensemble would shortly play was a sprightly suite about, of all things, the stock market. And she jokingly wondered how, given the recent economic upturn, *Le Baiser* would be received during the orchestra's upcoming Asian tour. The audience, sitting on hard wooden pews in the 110-year-old church, laughed and applauded as violinist Lamon and her troupe launched Tafelmusik's 20th season last month. But just as they took up their instruments, an elderly, somewhat frail woman in the audience stood up and airily stepped to make herself heard. "You have made a big difference in my life," she said. "and I thank you for all the wonderful music you have brought to us."

It is impossible to imagine that kind of exchange in a large synagogue hall. And it is typical of the kind of homegrown enthusiasm that has helped make Tafelmusik one of the world's preeminent Baroque orchestras. The 13-member ensemble, which specializes in 17th- and 18th-century works (though it does stray into other eras) and uses period instruments or modern replicas, has released 55 recordings, 41 of them on the Sony Classical label. The latest, Handel's *Messiah*

Chorus, is due later this month from CBC Records. Tafelmusik tours 12 weeks of the year, playing 50 engagements abroad in addition to a 45-concert subscription series at home. It has won four Junos in Canada and international honors including Germany's top recording tribute, the Echo Klassik Award, in 1996. During its 15th European tour earlier this year, Vienna's *Die Presse* raved about its "silvery gossamer robe of sound."

Baroque music played on period instruments—using gut instead of metal strings, or harpsichord instead of piano—has enjoyed a revival during the past quarter century. But Tafelmusik has also won fans because of its approach to the repertoire. Lamon and her musicians often research how early music might have sounded. One result is that the troupe far more pieces in much faster than usual. And Lamon believes in featuring composers other than Baroque's Big Four: Bach, Handel, Telemann and Vivaldi. "You can still play Vivaldi's *Four Seasons*," she says, "but there's a good chance that people will also love Schenker's *Lament*, a beautiful piece which you don't encounter much."

Fans also perceive a family atmosphere at Tafelmusik, a sense of the players' shared joy in what they do. Neil Crory, music producer at CBC Radio, has supervised most of the ensemble's live broadcasts and worked on some of its recordings. "In the beginning, they were very earnest," he says, "but with the success of their recordings and tours,

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Elise (Coff), Winfrey, Newman: *Beloved* depicts slavery down what is being hailed as a triumph for African-American womanhood

on her back, the house starts to shake, rattle and roll like a runaway ride. The floorboards heave, furniture flies across the room. Well, it is one thing to read Morrison describe "the grinding, shoving floor" and "the screaming house" in a paragraph or two on the page. But it is quite another to watch the screen erupt with Hollywood special effects. All of a sudden, the movie turns into *Polegrip*. Then it goes back to being a state-of-the-art epic.

Director Jonathan Demme never finds a consistent tone. *Beloved* lurches between bursts of perfect melodrama and long stretches of grim bookending. Morrison's story is built around a terrible secret—it was inspired by the true case of a runaway slave named Margaret Garner who tried to kill her children rather than let them be returned to the plantation. And, like far too often, the film's narrative keeps circling back to the business of slavery through flashbacks. But Morrison's lyrical prose has an incalculable power: a rhythm that builds a hypnotic weave from the various strands. In the film, Demme cuts to the flashbacks as jagged exclamations, visually set off with the use of deconstructed color.

Demme's strong suit has always been style, not substance. His most likable movies are campy pop confections with hot sound tracks, comedies such as *Something Wild* and *Dressed to the Nines*. He won huge acclaim for *The Silence of the Lambs*, but it was basically a *Baywatch* thriller tricked out with an *A-list* cast. And prior to *Beloved*, the director's sole movie to screen serial killer themes was the 1989 AIDS drama, *Philadelphia*, which broke new ground but

only by pandering to the broadest sentiments. Demme directed it with bad-guy reverence, showing no trace of his usual wit and faith.

Beloved does good and directs bad much as usual. The credit list has live producers and three screenwriters—Richard LaGravenese (*The Bridges of Madison County*), Adam Brooks (*Practical Magic*), French King and actress Alousha Hinn, daughter of an African chief and former Ghana prince minister. No wonder the script seems scrambled.

Morrison's novel presents a narrative puzzle that Demme never cracks, the tricky business of portraying spiritual events on screen. His directorate is stranded in a limbo between magic and realism. Even Kaeli Paterson's sound track is tentative. Biting with wooden rhythms, it fails to back up those ubiquitous Celtic flutes to suggest sweeping emotion. In the end, *Beloved* feels belated—and leaves the viewer most bewildered than bewitched. □

Oprah's labor of love

A revered novel becomes a plodding movie

BELIEVED

Directed by Jonathan Demme

Sometimes a film can be undermined by the best of intentions—in this case, a mother lode of worthy intentions. *Beloved* is a movie that tries out to be loved. The story of a woman scarred by slavery, it is an important picture about an important subject based on a Pulitzer Prize-winning novel by a Nobel laureate. Its star and co-producer, Oprah Winfrey, has pronounced it "my Schneider's List." And with her image gracing magazine covers from *Time* to *Rogue*, Winfrey's struggle to bring Toni Morrison's 1987 novel to the screen is being hailed as a symbolic triumph for African-American womanhood. There is a lot riding on the success of *Beloved*. And the strain shows.

Winfrey does, however, acquit herself admirably as an actor, proving that her Oscar-nominated performance in *The Color Purple* (1985) was no fluke. She brings unswerving conviction to the lead role of Sethe, a woman with "tear eyes and luscious hair to match," as Morrison describes her. There is not a glimmer of the batty in-law shadow here. As a runaway slave from Kentucky who builds a home in rural Ohio, a woman in the 1870s haunted by a violent past, Winfrey is strongly believable. And she is flanked by some powerful actors. Kimberly Elise as a quiet revelation as

Sethe's resilient daughter, Denver, who emerges as the movie's heroine by default. With a strained voice and a dead-eyed stare, Thandie Newton eerily incarnates the wild child known only as Beloved, who appears to be a ghost from Sethe's brutal past. And Danny Glover is well suited to play the greatly compassionate Paul D, an old friend from the Kentucky plantation who shows up on Sethe's doorstep and moves into her bed.

So what is wrong with *Beloved*? First, with a running time of nearly three hours, it is just too damn long. There is simply not enough space to support an epic on this scale. The paces lurch, especially in the final act, which staggers through a series of false climaxes. And for a viewer approaching the movie cold, without language and the book, the story is awfully confusing.

Anyone familiar with the novel, however, can see that the film-makers have gone out of their way to do it justice, which is perhaps the problem. Fidelity, in the literal sense, is not always the best friend of cinematic clarity. That becomes terribly evident in the opening scene. Paul D, meeting Sethe for the first time in 18 years, knows her house is haunted as soon as he steps through the door. It pulses with garish red light. And when he undoes her dress and runs his hand over the tree-like lattice of whip scars



on her back, the house starts to shake, rattle and roll like a runaway ride. The floorboards heave, furniture flies across the room. Well, it is one thing to read Morrison describe "the grinding, shoving floor" and "the screaming house" in a paragraph or two on the page. But it is quite another to watch the screen erupt with Hollywood special effects. All of a sudden, the movie turns into *Polegrip*. Then it goes back to being a state-of-the-art epic.

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Television

Tale of a fighter

The Sue Rodriguez saga grips the heart

**AT THE END OF THE DAY:
THE SUE RODRIGUEZ STORY**
(CBC, Oct. 18, 8 p.m.)

In a film full of poignant moments, one stands out. Lying awake in the dark, Sue Rodriguez hears her eight-year-old son weeping in the grip of a nightmare. Her own body ravaged by Lou Gehrig's disease, she cannot rise from her bed to comfort him. She can barely even utter his name. Yet she does, again and again, her hoarse voice filling with love and anguish. At the *End of the Day* combines the talents of writer Linda Swendsen and actress Wendy Crewson in a wrenching



Crewson (left), Swendsen watching

ago—with the help of a doctor and MF Good Robinson, an advocate who became a friend and was present at her death.

Crewson is astonishing in Rodriguez, vividly conveying the progress of a disease that transforms the able-bodied woman into a helpless prisoner of her body. Al Waxman is creepily sincere as right-to-die activist John Holmes, who outraged Rodriguez by forging her signature on a letter to a newspaper. But it is Swendsen's piercingly frank portrait of Rodriguez's struggle to maintain control of her life—and the resulting strain on her relationships with her husband and even her son—that gives the film its power.

At the *End of the Day* is not strictly accurate. The names of Rodriguez's husband and son were changed to protect their privacy. Winter scenes in the movie—that is, Providence—are nowhere that any consciously experienced in Saanich. But it is always close enough to the heart to make for powerful, sometimes uncomfortable, television.

CHRIS WOOD

Allan Fotheringham

Fear and loathing in an era of the retread

*The cat came back
They thought he was a goner
The cat came back
He just couldn't stay away*

—Old Jingle

There is something seriously wrong with our world. Our present world. Our current world. Where has innovation gone? Innovation? Now there's a word our lot of personalities. All very puzzling.

Joe Clark. Joe Clark is back? The man who couldn't count in the Commons and lost a no-confidence vote he never should have called? The guy who had a seat that couldn't read an online schedule and lost his underwear and dignity somewhere over the equator? This is the new visage of the Conservative comeback? Someone help me try to sort.

We all thought we were rid of Paula Jones. Now, she's back in the headlines, with a new nose but same old lawyers. The woman who promised to kindly in court that she could identify certain peculiar incidents on the wedding night of the president of the United States? Paula Jones?

John Glenn? We thought we had safely pastured old John Glenn in the U.S. Senate decades ago, his presidential dreams long past, content in the obscurity that he deserved. Now at 77, the first American to orbit the globe is going up in a rocket again. Can we possibly contain the excitement? Sure, on this front.

How many years ago was it that we thought we had heard the last of Gwendolyn Flett? Now, she's back in print, back on *Jeopardy!* Along, back in our memories. (When asked of the time about Paula's despoliation of the equipment of the most powerful man on earth, Gwendolyn replied, "I didn't notice anything.")

Fergie. Fergie for God's sake. The Duchess of York. We've gone through her old niche playing a weight-control program. And flouting candour pace. Now she's emerged in a tabloid-host host. Even the *British* don't desert. This one should be a sorry for the dysfunction at Royal, this Opera warble, displayed on their lavishly channel. Keep it on the other side of the Atlantic, please.

*The cat came back
They thought he was a goner*



We thought we had seen the last bastion jump out the window in 1989. Now, they're back again, backspitting the world with their goads, greedy loans that don't work. They had recovered their reputation for probity—purity, got belted once with pipes who risked right up there with doctors and teachers as the most trusted men in society, our salesmen and journalists raised, correctly, at the bottom of the heap. Now, in the year of retrograde, they are back, looking as sharp as any lion sharks, running currencies and continents. Remember when they got Mexico on the rocks with their diaphanous gamboling? Now, they've done the same to Brazil. Doubly over-least?

No. Welcome back, lookers.

The Rednecks are back. The boys who went bust in Toronto and founded an Canary Wharf in London are back on the business pages, as re-curve as ever. It's like the return of an old nose.

Everything is being played in slow motion, history repeating itself. Settle in for a long reprise of the Imposthment Blues, last played out by Tricky Dicky Nixon 34 years ago. Another president at another bar, will rust in the wind for months, while the commentators dwell up backlogs. Isn't this where I came in before? In mid-rep?

Bob Campese is back. The guy who grew too big for Canada and went to New York and whose company went bust at Bloomingdale's is back, with all his riddim-the-hat tricks, raising ruckus in Europe.

Do we really need another season of Dan Cherry, with his bee-piercing glib leaping and justification for having the NHL join the World Wrestling Federation? And with a silly little mascot dealer's attempt at a bribe? We think not.

Pierre Trudeau is back, 34 years after astoundingly leaving politics, two books reporting his thoughts on Quebec, a two-day university conference analyzing his theories on Quebec, Lester B. Pearson nervously looking over his shoulder lest Trudeau intrude in a coming Quebec election.

And can we stand another Quebec campaign conducted, naturally, on the sub-zero subject that is not supposed to be on the pliers—separatism? It might drive the nation back to Don Cherry. Croissants are back. Croissants are back. Or were, at least, before 1981. Clinton destroyed the taste of them.

The Liberal wingman is back, with APEC and pepper spray and employment insurance surpluses and a prime minister who thinks it's a joke, dragging memories back to C. D. Howe in the Grand Grand Era of Arrangement. Stupidity is back in style with Andy Scott, the MP from Arizona, not to be able to identify the sex of his seatmate who next day turns out to be a close male friend and Liberal fund-raiser. And we will really need Ben Johnson, 10 years after his disqualification this week in Charlotte against a lame and a stock out? I don't think so.

*The cat came back
Because he just couldn't stay away*

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